GIORDANO

Giordano International Limited

佐丹奴國際有限公司

stock code 709

ANNUAL REPORT 2005

年報

股份代號 709

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十年財務與業務摘要
TEN-YEAR FINANCIAL AND OPERATION HIGHLIGHTS

(除特別註明外，以港幣百萬元為單位)	*(In HK$ millions unless otherwise specified)*
營業額	Turnover
毛利	Gross profit
毛利率	Gross margin
經營溢利(附註1及2)	Operating profit (Notes 1 & 2)
經營溢利率(附註1及2)	Operating margin (Notes 1 & 2)
股東應佔溢利(附註1及2)	Profit attributable to shareholders (Notes 1 & 2)
銷售回報率(附註1及2)	Return on sales (Notes 1 & 2)
現金及銀行結存減銀行貸款及透支	Cash and bank balances less bank loans and overdrafts
營運資金(附註1)	Working capital (Note 1)
總資產(附註2)	Total assets (Note 2)
總負債(附註2及3)	Total liabilities (Notes 2 & 3)
股東資金(附註2及3)	Shareholders' funds (Notes 2 & 3)
每股盈利 － 基本(港仙)(附註1、2及4)	Earnings per share – Basic (HK cents) (Notes 1, 2 & 4)
每股中期股息(港仙)(附註4)	Interim dividend per share (HK cents) (Note 4)
每股特別中期股息(港仙)	Special interim dividend per share (HK cents)
每股末期股息(港仙)(附註4)	Final dividend per share (HK cents) (Note 4)
每股特別末期股息(港仙)(附註4)	Special final dividend per share (HK cents) (Note 4)
平均總資產回報率(附註1及2)	Return on average total assets (Notes 1 & 2)
平均股東資金回報率(附註1及2)	Return on average shareholders' funds (Notes 1 & 2)
存貨對銷售之流轉比率(日數)(附註5)	Inventory turnover on sales (days) (Note 5)
流動比率(倍數)(附註1)	Current ratio (times) (Note 1)
直接管理門市	Directly managed stores
門市數目(附註6)	Number of stores (Note 6)
零售面積(以千平方呎為單位)(附註6)	Retail floor area (in thousands of square feet) (Note 6)
可比較門市之銷售額(減少)/增加(附註7)	Comparable store sales (decrease)/increase (Note 7)
門市總數(附註6)	Total stores (Note 6)
分部間採購之百分率	Inter-segment purchases percentage

附註：

1. 二零零四年之數字已因採納香港會計準則第十七號「租賃」及財務報告準則第二號「以股份支付的支出」而作出調整，有關會計準則於二零零五年一月一日或以後開始之會計年度生效
2. 二零零二年之數字已因採納會計實務準則第十二號「所得稅」(經修訂)而作出調整，該會計實務準則於二零零三年一月一日或以後開始之會計年度生效
3. 一九九六年至二零零零年之數字已因採納會計實務準則第九號「結算日後事項」(經修訂)而作出調整， 該會計實務準則於二零零一年一月一日或以後開始之會計年度生效
4. 一九九六年至一九九九年之數字已按股份一拆為二而作出調整
5. 年結日之存貨除全年營業額乘三百六十五日
6. 年結日數字
7. 指於兩個作比較之財政年度內經營滿十二個月之門市

Notes:

1. Figures from 2004 are adjusted for the adoption of HKAS 17 "Leases" and HKFRS 2 "Share-based Payment" which are effective for accounting years commencing on or after January 1, 2005
2. Figures for 2002 are adjusted for the adoption of SSAP 12 "Income Taxes" (revised) which is effective for accounting years commencing on or after January 1, 2003
3. Figures from 1996 to 2000 are adjusted for the adoption of SSAP 9 "Events after the Balance Sheet Date" (revised) which is effective for accounting years commencing on or after January 1, 2001
4. Figures from 1996 to 1999 are adjusted for the effect of the 1-to-2 share subdivision
5. Inventory held at year end divided by full year turnover times 365 days
6. Figures as at year end
7. For stores which were operated for the full 12 months in each of the two fiscal years under comparison

2005	2004	2003	2002	2001	2000	1999	1998	1997	1996
4,413	4,003	3,389	3,588	3,479	3,431	3,092	2,609	3,014	3,522
2,243	2,035	1,634	1,677	1,544	1,516	1,352	1,029	1,240	1,464
50.8%	50.8%	48.2%	46.7%	44.4%	44.2%	43.7%	39.4%	41.1%	41.6%
518	491	364	385	372	425	351	70	60	299
11.7%	12.3%	10.7%	10.7%	10.7%	12.4%	11.4%	2.7%	2.0%	8.5%
406	387	266	328	377	416	360	76	68	261
9.2%	9.7%	7.8%	9.1%	10.8%	12.1%	11.6%	2.9%	2.3%	7.4%
827	689	784	614	494	747	803	340	192	178
1,029	861	911	861	798	1,014	960	725	655	752
2,970	2,717	2,555	2,419	2,371	2,110	1,913	1,435	1,408	1,591
755	684	685	564	625	511	456	299	340	363
2,122	1,954	1,799	1,794	1,695	1,558	1,449	1,135	1,069	1,220
27.50	26.70	18.50	22.80	26.30	29.30	25.65	5.40	4.80	18.45
4.50	4.00	1.50	4.50	4.50	4.25	3.25	0.50	2.50	2.25
2.00	1.50	3.00	–	–	–	–	–	–	–
5.00	4.50	4.50	4.50	4.50	6.00	5.50	1.75	–	5.75
15.00	13.00	12.00	10.00	5.00	5.00	8.50	–	–	–
14.3%	14.7%	10.7%	13.7%	16.8%	20.7%	21.5%	5.3%	4.5%	16.8%
19.9%	20.6%	14.8%	18.8%	23.2%	27.7%	27.9%	6.9%	5.9%	23.8%
31	30	24	26	30	32	28	44	48	58
2.6	2.4	2.5	2.8	2.3	3.1	3.2	3.6	3.1	3.3
914	811	550	473	456	367	317	308	324	294
918	846	650	599	598	466	359	301	314	296
(1%)	7%	(9%)	(2%)	(4%)	4%	21%	(13%)	(11%)	(6%)
1,694	1,585	1,363	1,256	1,159	920	740	678	640	515
30%	27%	28%	26%	24%	25%	22%	27%	35%	40%

公 司 資 料
CORPORATE INFORMATION

董 事 會	**BOARD OF DIRECTORS**
執行董事	**Executive Directors**
劉國權	LAU Kwok Kuen, Peter
（主席及行政總裁）	*(Chairman and Chief Executive)*
馮永昌	FUNG Wing Cheong, Charles
馬灼安	MAH Chuck On, Bernard
獨立非執行董事	**Independent Non-Executive Directors**
歐文柱	AU Man Chu, Milton
畢滌凡	Barry John BUTTIFANT
鄺其志，GBS，JP	KWONG Ki Chi, GBS, JP
李鵬飛，JP	LEE Peng Fei, Allen, JP
董 事 會 顧 問	**BOARD ADVISOR**
梁覺教授	Professor LEUNG Kwok
集 團 財 務 總 監	**GROUP CHIEF FINANCIAL OFFICER**
呂志雄	LUI Chi Hung
公 司 秘 書	**COMPANY SECRETARY**
姚婉華	YIU Yuen Wah, Christiana
審 核 委 員 會	**AUDIT COMMITTEE**
畢滌凡	Barry John BUTTIFANT
歐文柱	AU Man Chu, Milton
鄺其志，GBS，JP	KWONG Ki Chi, GBS, JP
李鵬飛，JP	LEE Peng Fei, Allen, JP
補 償 委 員 會	**COMPENSATION COMMITTEE**
劉國權	LAU Kwok Kuen, Peter
畢滌凡	Barry John BUTTIFANT
李鵬飛，JP	LEE Peng Fei, Allen, JP
梁覺教授	Professor LEUNG Kwok
授 權 代 表	**AUTHORIZED REPRESENTATIVES**
劉國權	LAU Kwok Kuen, Peter
呂志雄	LUI Chi Hung
核 數 師	**AUDITORS**
羅兵咸永道會計師事務所	PricewaterhouseCoopers
執業會計師	*Certified Public Accountants*

律 師

香港律師

羅拔臣律師事務所

夏佳理 方和 吳正和 律師事務所

中國律師

金杜律師事務所

LAWYERS

Hong Kong lawyers

Robertsons

Arculli Fong & Ng

PRC lawyers

King & Wood

註 冊 辦 事 處

Canon's Court
22 Victoria Street
Hamilton HM12
Bermuda

REGISTERED OFFICE

Canon's Court
22 Victoria Street
Hamilton HM12
Bermuda

主 要 營 業 地 點

香港
九龍
長沙灣道七七七至七七九號
天安工業大廈五樓

PRINCIPAL PLACE OF BUSINESS

5th Floor, Tin On Industrial Building
777-779 Cheung Sha Wan Road
Kowloon
Hong Kong

主 要 股 份 過 戶 登 記 處

Butterfield Fund Services (Bermuda) Limited
Rosebank Centre
11 Bermudiana Road
Pembroke HM08
Bermuda

PRINCIPAL SHARE REGISTRARS AND TRANSFER OFFICE

Butterfield Fund Services (Bermuda) Limited
Rosebank Centre
11 Bermudiana Road
Pembroke HM08
Bermuda

股 份 過 戶 登 記 處 香 港 分 處

雅柏勤證券登記有限公司
香港
皇后大道東二十八號
金鐘匯中心二十六樓

BRANCH SHARE REGISTRARS AND TRANSFER OFFICE IN HONG KONG

Abacus Share Registrars Limited
26th Floor, Tesbury Centre
28 Queen's Road East
Hong Kong

主 要 往 來 銀 行

香港上海滙豐銀行有限公司
渣打銀行(香港)有限公司
法國巴黎銀行
花旗銀行

PRINCIPAL BANKERS

The Hongkong and Shanghai Banking Corporation Limited
Standard Chartered Bank (Hong Kong) Limited
BNP Paribas
Citibank N.A.

重 要 日 期

暫停辦理股份過戶登記
二零零六年五月四日至
二零零六年五月九日
(首尾兩日包括在內)

股東週年大會
二零零六年五月九日

股息

中期股息	：每股港幣四點五仙
特別中期股息	：每股港幣二仙
派發日期	：二零零五年九月十五日
建議末期股息	：每股港幣五仙
建議特別末期股息	：每股港幣一角五仙
建議派發日期	：二零零六年五月十五日

IMPORTANT DATES

Closure of Register of Members
May 4, 2006 to May 9, 2006
(both days inclusive)

Annual General Meeting
May 9, 2006

Dividends

Interim Dividend	: 4.5 HK cents per share
Special Interim Dividend	: 2.0 HK cents per share
Paid on	: September 15, 2005
Proposed Final Dividend	: 5.0 HK cents per share
Proposed Special Final Dividend	: 15.0 HK cents per share
Payable on	: May 15, 2006

股 份 代 號

香港聯合交易所	：709
彭博	：709 HK
路透社	：0709.HK

STOCK CODE

Stock Exchange of Hong Kong	: 709
Bloomberg	: 709 HK
Reuters	: 0709.HK

投 資 者 聯 絡 處

虞瑋麟
公司事務及外務總監
佐丹奴國際有限公司
香港九龍
長沙灣道七七七至七七九號
天安工業大廈五樓
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劉國權先生（*主席*），現年五十三歲，為本集團行政總裁；彼亦為本公司補償委員會成員。彼於一九八七年加入本集團，並於一九九四年二月八日成為行政總裁，同年八月十日獲委任為本集團董事會主席。劉先生持有加拿大卡加里大學工商管理碩士學位，及為加拿大特許會計師公會會員。於加入本集團前，彼於加拿大之私營及公營機構有超過十二年的會計工作經驗。

Mr. LAU Kwok Kuen, Peter *(Chairman)*, aged 53, is the Group's Chief Executive and a member of the Compensation Committee of the Company. He joined the Group in 1987, became the Chief Executive on February 8, 1994, and was elected Chairman of the Board of Directors of the Group on August 10 in the same year. Mr. Lau holds an MBA degree from the University of Calgary in Canada and is a member of the Canadian Institute of Chartered Accountants. Prior to joining the Group, he had over 12 years of accounting experience in the private and public sectors in Canada.

馮永昌先生（*執行董事*），現年四十四歲，於一九八八年加入本集團，並自一九九七年二月十一日起在本公司擔任現職銜。馮先生亦為本集團台灣業務之總經理。彼持有香港大學學士學位及新加坡國立大學工商管理碩士學位。於加入本集團前，馮先生有五年房地產業務經驗。

Mr. FUNG Wing Cheong, Charles *(Executive Director)*, aged 44, joined the Group in 1988 and has assumed the current position in the Company since February 11, 1997. Mr. Fung is also the General Manager of the Group's operations in Taiwan. He holds a bachelor degree from the University of Hong Kong and an MBA degree from the National University of Singapore. Before joining the Group, Mr. Fung had worked for five years in the real estate business.

馬灼安先生（*執行董事*），現年五十六歲，於一九九六年加入本集團，並於一九九九年六月十四日獲本公司委任現職銜。馬先生亦為本集團中國大陸業務之執行主席、海外業務拓展執行董事及若干附屬公司之董事。彼畢業於加拿大阿伯特大學，取得商業管理學士學位。彼亦為加拿大特許會計師公會會員。於加入本集團前，馬先生擁有豐富工商投資及商業管理經驗，及曾於加拿大政府之會計及核數部門出任高職達十五年。

Mr. MAH Chuck On, Bernard *(Executive Director)*, aged 56, joined the Group in 1996 and was appointed to the current position of the Company on June 14, 1999. Mr. Mah is also the Executive Chairman of the Group's operations in Mainland China, Group Executive Director – Global Business Development and director of certain subsidiaries of the Group. He graduated from the University of Alberta in Canada with a bachelor degree in Business Administration and is a member of the Canadian Institute of Chartered Accountants. Prior to joining the Group, Mr. Mah had gained extensive experience in industrial and commercial investment sectors and had held senior government positions in accounting and auditing in Canada for 15 years.

歐文柱先生（*獨立非執行董事*），現年五十五歲，於二零零零年十二月十一日加入本公司；彼亦為本公司審核委員會成員。歐先生持有加拿大阿伯特大學商業學學士學位，及為加拿大特許會計師公會會員。彼擁有超過二十五年財務及管理的經驗。歐先生於一九九五年十二月一日至二零零三年十二月三十一日期間為一間於新加坡上市之公司 － Noble Group Limited之執行董事；並自二零零四年一月一日起為該公司之非執行董事。歐先生亦是一非牟利機構 － 香港國際電影節協會有限公司之董事局成員。

Mr. AU Man Chu, Milton *(Independent Non-executive Director)*, aged 55, joined the Company on December 11, 2000 and is a member of the Audit Committee of the Company. Mr. Au holds a Bachelor of Commerce degree from the University of Alberta in Canada and is a member of the Canadian Institute of Chartered Accountants. He has over 25 years of experience in finance and management. Mr. Au was an executive director of Noble Group Limited, a company listed in Singapore, from December 1, 1995 to December 31, 2003 and since January 1, 2004, he has been appointed as its non-executive director. Mr. Au is also a member of the board of directors of Hong Kong International Film Festival Society Limited, a non-profit making organization.

畢滌凡先生（*獨立非執行董事*），現年六十一歲，於一九九一年五月加入本集團；彼亦為本公司審核委員會主席及補償委員會成員。畢滌凡先生為Hsin Chong International Holdings Limited（「新昌國際」）之董事總經理，亦分別為新昌營造集團有限公司主席葉維義先生及新昌管理集團有限公司副主席馮葉儀皓女士之替代董事。彼並為招商迪辰（亞洲）有限公司、台和商事控股有限公司、華訊股份有限公司及媒體伯樂集團有限公司之獨立非執行董事，及為於紐約聯合交易所上市之Global-Tech Appliances Inc. 之非執行董事。於加入新昌國際前，彼為霸菱亞洲投資有限公司之營運合夥人。彼亦於二零零一年至二零零二年期間擔任和記行（集團）有限公司（「和記行」）之董事總經理，並於二零零二年十一月至二零零四年四月期間出任和記行之業務及企業發展顧問。於加入和記行前，彼於萬威國際有限公司擔任董事總經理超過八年，並曾於寶麗碧集團和森那美香港有限公司工作超過十一年，期間曾出任財務董事及董事總經理職務。畢滌凡先生為英國特許公認會計師公會、香港會計師公會、Chartered Management Institute、香港管理專業協會及香港董事學會之資深會員。

Mr. Barry John BUTTIFANT *(Independent Non-executive Director)*, aged 61, joined the Group in May 1991. He is also chairman of the Audit Committee and a member of the Compensation Committee of the Company. Mr. Buttifant is the managing director of Hsin Chong International Holdings Limited ("Hsin Chong International") and is an alternate director to Mr. V-nee Yeh, chairman of Hsin Chong Construction Group Ltd. and Mrs. Fung Yeh Yi Hao, Yvette, deputy chairman of Synergis Holdings Limited. He is also an independent non-executive director of China Merchants DiChain (Asia) Limited, Daiwa Associate Holdings Limited, Alltronics Holdings Limited and Media Partners International Holdings Inc and a non-executive director of a NYSE public company, Global-Tech Appliances Inc.. Prior to joining Hsin Chong International, he was an operating partner of Baring Private Equity Asia Limited. He was also the managing director of Wo Kee Hong (Holdings) Limited ("Wo Kee Hong") from 2001 to 2002 and was the Advisor to the board of directors of Wo Kee Hong from November 2002 to April 2004. Prior to joining Wo Kee Hong, he was the managing director of IDT International Limited for over eight years and had worked for Polly Peck Group and Sime Darby Hong Kong Limited for more than 11 years in the capacity of finance director and managing director. Mr. Buttifant is a fellow member of the Association of Chartered Certified Accountants, the Hong Kong Institute of Certified Public Accountants, the Chartered Management Institute, the Hong Kong Management Association and the Hong Kong Institute of Directors.

鄺其志先生，GBS，JP *(獨立非執行董事)*，現年五十五歲，於二零零四年四月二十六日加入本公司為獨立非執行董事；彼亦為本公司審核委員會成員。鄺先生持有香港大學物理及數學理學士學位，亦在英國劍橋大學獲取經濟及政治發展(Economics and Politics of Development)哲學碩士學位。彼在香港政府服務二十七年，主要擔任經濟及金融事務之職位。彼於一九九五年至一九九八年擔任庫務司/庫務局局長，主要負責公共財政事務；及於一九九八年至二零零零年三月擔任資訊及廣播局局長，主要負責資訊科技、電信及廣播事務。隨著香港聯合交易所、香港期貨交易所及其相關結算所改革及合併，鄺先生於二零零零年三月離開香港政府加入香港交易及結算所有限公司擔任執行董事及首位行政總裁；彼於二零零三年四月卸任。於二零零四年一月至六月期間，鄺先生受聘為新昌國際集團之董事總經理；並分別於二零零四年一月至八月及二零零四年一月至九月期間出任新昌營造集團有限公司(「新昌營造」)及新昌管理集團有限公司(「新昌管理」)之替代董事，該兩間公司均於香港聯合交易所上市。鄺先生亦於二零零三年六月至二零零五年九月期間獲委任為於納斯達克(NASDAQ)上市的CDC Corporation(前稱chinadotcom corporation)之獨立非執行董事。彼現時為偉新(國際)有限公司之董事總經理、新昌營造及新昌管理之非執行董事。

鄺先生為香港非官守太平紳士及獲香港特別行政區政府頒授金紫荊星章。彼亦擔任多項公職，包括香港中文大學校董會校董及香港公益金董事會董事。

Mr. KWONG Ki Chi, GBS, JP *(Independent Non-executive Director)*, aged 55, joined the Company as an Independent Non-executive Director on April 26, 2004 and is a member of the Audit Committee of the Company. Mr. Kwong graduated from The University of Hong Kong with a Bachelor of Science degree in Physics and Mathematics and was awarded a Master of Philosophy degree in Economics and Politics of Development by the University of Cambridge, England. He has served in the Government of Hong Kong for 27 years and held positions principally in the economic and financial fields. He was the Secretary for the Treasury from 1995 to 1998, with responsibility for the public finances, and Secretary for Information Technology and Broadcasting from 1998 to March 2000, with responsibility for information technology, telecommunications and broadcasting. He left the Government of Hong Kong in March 2000 to join the Hong Kong Exchanges and Clearing Limited as its executive director and first Chief Executive, following the demutualization and merger of the Stock Exchange of Hong Kong ("Stock Exchange"), the Hong Kong Futures Exchange and their associated clearing houses and retired in April 2003. From January to June 2004, he was the managing director of Hsin Chong International Holdings Ltd.. He was also an alternate director of Hsin Chong Construction Group Ltd. ("Hsin Chong") from January to August 2004 and Synergis Holdings Limited ("Synergis") from January to September 2004, the shares of both Hsin Chong and Synergis are listed on the Stock Exchange. Mr. Kwong was also an independent non-executive director of CDC Corporation (formerly known as chinadotcom corporation), a NASDAQ listed company, from June 2003 to September 2005. He is currently the managing director of Hongkong Sales (Int'l) Limited and a non-executive director of both Hsin Chong and Synergis.

Mr. Kwong is a non-official Justice of the Peace in Hong Kong and has been awarded the Gold Bauhinia Star by the Government of the Hong Kong Special Administrative Region. He holds a number of public service positions, including Council Member of the Chinese University of Hong Kong and Board Director of the Hong Kong Community Chest.

李鵬飛博士，JP *(獨立非執行董事)*，現年六十五歲，於一九九九年九月十日加入本公司；彼亦為本公司審核委員會及補償委員會成員。彼持有香港理工大學工程博士榮譽學位及香港中文大學法學博士榮譽學位。李博士現為下述於香港聯合交易所有限公司上市的公司之獨立非執行董事：進智公共交通控股有限公司、ITE (Holdings) Limited、彩星集團有限公司、三和集團有限公司、卓越金融有限公司及宏安集團有限公司。彼亦分別於二零零二年三月至二零零五年三月及二零零二年三月至二零零六年二月期間為慧峯集團有限公司的非執行董事及國中控股有限公司的獨立非執行董事，該兩間公司均於香港上市。

李博士為中華人民共和國第九及第十屆全國人民代表大會香港特別行政區代表。彼積極參與公共事務。

梁覺教授 *(董事會顧問)*，現年四十七歲，自一九八七年起為本集團提供顧問服務；彼亦為本公司補償委員會成員。梁教授於美國伊利諾大學獲得心理學博士學位，現任香港城市大學管理學系講座教授。梁教授為國際知名學者，亦在香港及中國大陸不同機構及政府部門有資深顧問經驗。

Dr. LEE Peng Fei, Allen, JP, *(Independent Non-executive Director)*, aged 65, joined the Company on September 10, 1999. He is also a member of the Audit Committee and the Compensation Committee of the Company. He holds an honorary degree of Doctor of Engineering from The Hong Kong Polytechnic University and an honorary degree of Doctor of Laws from The Chinese University of Hong Kong. Dr. Lee is currently an independent non-executive director of AMS Public Transport Holdings Limited, ITE (Holdings) Limited, Playmates Holdings Limited, Sam Woo Holdings Limited, VXL Capital Limited and Wang On Group Limited, the shares of all of which are listed on The Stock Exchange of Hong Kong Limited. He was also a non-executive director of Vertex Communications & Technology Group Limited and an independent non-executive director of Interchina Holdings Company Limited during the period from March 2002 to March 2005 and March 2002 to February 2006 respectively, both of which are listed companies in Hong Kong.

Dr. Lee is a deputy of Hong Kong SAR, the 9th and 10th National People's Congress, PRC. He has taken an active role in public service.

Professor LEUNG Kwok *(Board Advisor)*, aged 47, has been providing consulting services to the Group since 1987. He is also a member of the Compensation Committee of the Company. Professor Leung received his Ph.D. in Psychology from University of Illinois, Urbana-Champaign, U.S.A.. He holds a chair in management at City University of Hong Kong. In addition to his international reputation for his scholarly work, he also has extensive consulting experience with a wide range of organizations and government departments in Hong Kong and Mainland China.

張國良先生，現年五十四歲，本集團製衣部門之董事總經理。彼於一九九零年加入本集團，及擁有超過三十一年製衣業務經驗。

呂志雄先生，現年四十四歲，集團財務總監。彼持有香港科技大學工商管理碩士學位及香港中文大學財務碩士學位。彼為英國特許公認會計師公會資深會員，亦為香港會計師公會及加拿大公認會計師公會會員。彼於二零零二年加入本集團，並擁有超過二十三年財務及會計方面之經驗。

Mr. CHEUNG Kwok Leung, aged 54, is the Managing Director of the Group's manufacturing division. He joined the Group in 1990 and has over 31 years of experience in the garment manufacturing industry.

Mr. LUI Chi Hung, aged 44, is the Group Chief Financial Officer. He holds an MBA degree from The Hong Kong University of Science and Technology and a Master degree in Finance from The Chinese University of Hong Kong. He is a fellow member of the Association of Chartered Certified Accountants, and an associate member of the Hong Kong Institute of Certified Public Accountants and the Certified General Accountants' Association of Canada. He joined the Group in 2002 and has over 23 years of experience in finance and accounting field.

致列位股東：

佐丹奴在二零零五年雖然面對休閒服裝市場的激烈競爭以及經濟和天氣影響的挑戰，本集團仍向投資者呈交一個穩健的業績。

本集團滿意平穩增長的毛利率及有效的成本控制使本年度盈利續有增長。儘管我們在休閒服裝市場是一成熟的品牌，佐丹奴仍在營業額方面取得雙位數字的增幅。佐丹奴會致力尋找創新的路向，以維持增長的動力。我們的經驗以及品牌的優勢可使我們能維持盈利的穩定增長，以提升股東的回報。

一個穩定的路向並不代表沒有挑戰，當中包括外在環境的因素以及內部團隊為改善業務而面臨的衝擊。就此本集團於二零零六年將採取若干策略，其中一項是根據於去年就集團門市網絡進行全面性檢討後所制訂的一個更完善和更以目標為本的商品銷售策略。

於顧客服務方面，本集團於過去兩年致力開發顧客關係管理平台，使其與本集團之全球資訊科技系統全面融合。該系統將成為「沒有陌生人的世界」之顧客關係管理項目之骨幹，讓本集團能利用現時各個地區市場上之優惠卡計劃作為基礎，建立一個強大之全球性顧客關係及優惠項目。本集團預期，上述的項目將可協助集團鞏固顧客對品牌的忠誠度，並進一步提升銷售增長。

於過往數年，本集團一直積極開拓如澳洲及日本等新市場。於二零零六年，本集團將進軍印度市場。在致力提升本集團於該等市場之知名度和地位的同時，本集團亦會在策略上擴大於現有市場（如中國大陸、香港、台灣、新加坡及南韓）之佔有率。此雙軌政策為本集團之核心業務增長計劃。與此同時，有鑑於零售業全球化之趨勢不容忽視，本集團將繼續物色具潛力之策略性合作夥伴並與彼等發展業務。

Dear Shareholders:

During 2005, a year characterized by intense competition in the leisure wear market as well as economic and climatic challenges, Giordano continued to deliver solid and respectable results.

We are pleased with our steadily improving gross margins and excellent cost controls to be able to deliver another profitable year. Despite being a mature participant in the leisure wear market, Giordano still posted double-digit growth in turnover. We continue to seek innovative ways to maintain the momentum of our growth. Our experience and the strength of our brand assure us a steady path of continued growth and profitability to enhance shareholder value.

A steady path is not a path devoid of challenges – challenges posed by both the external environment as well as from within our own internal ranks to improve the way we do business. Therefore, I am excited about a few initiatives the Group is embarking on in 2006. One is the result of a complete review undertaken in 2005 of our store network to set up a more refined and much more targeted merchandizing strategy.

In the customer care area, we have spent the last two years developing a customer relationship management (CRM) platform that is seamlessly integrated into our global IT system. This system will form the backbone of our "World Without Strangers" CRM program and will enable us to transform our existing local privilege card systems into a global program of customer relationships and benefits. We expect these initiatives to help us further solidify brand loyalty and drive higher comparable store sales growth.

In the past few years, the Group has pioneered new markets such as Australia and Japan. Our latest addition, India, will come on stream in 2006. While working on expanding our presence in these markets, the Group will also strategically grow its market shares in established markets such as Mainland China, Hong Kong, Taiwan, Singapore and South Korea. This two-pronged approach forms our core growth plan. The Group acknowledges both the opportunities and the challenges posed by the globalization of retailing. Therefore, we continue to seek out and develop strategic partnerships worldwide.

為進一步落實本集團之增長計劃，本集團在東南亞地區及中國大陸之營運隊伍在高層人員方面作出了變動，並同時提升人力資源方面之支援。重組後之新管理團隊具有活力、進取精神和才能，使我確信佐丹奴不但可以繼續保持盈利，同時作好準備迎接全球之挑戰。

To execute our growth plans, the Group has implemented several changes to its senior management in its Southeast Asia and Mainland China operations. We have also bolstered the Group's human resources function. The new team is energetic, ambitious, extremely talented and I am convinced that Giordano will not only continue to deliver profitable results, but our brand will emerge stronger, fitter and better positioned to compete globally.

董事會建議派發末期股息每股港幣五仙（二零零四年：每股港幣四點五仙）。本著本集團把多於所需之現金歸還股東之原則，董事會進一步建議宣派特別末期股息每股港幣一角五仙（二零零四年：每股港幣一角三仙），連同中期股息每股港幣四點五仙及特別中期股息每股港幣二仙，全年股息總額達每股港幣二角六仙半（二零零四年：每股港幣二角三仙），派息率佔年度溢利百分之九十六點四。

The Board has recommended a final dividend of 5.0 HK cents per share (2004: 4.5 HK cents per share). In line with our aim to return surplus cash to our shareholders, the Board has further recommended declaring a special final dividend of 15.0 HK cents per share (2004: 13.0 HK cents per share). Total dividend, including the 4.5 HK cents regular interim dividend, and 2.0 HK cents special interim dividend, amounts to 26.5 HK cents per share (2004: 23.0 HK cents per share), representing a 96.4 percent payout of our annual profit.

本人藉此感謝我們的股東、供應商、合作夥伴和員工在過去一年裡對本公司和品牌的支持和信心。沒有您們的支持，佐丹奴難以繼續成長。

I would like to thank our shareholders, suppliers and business partners, our employees for their confidence and commitment to the Company and our brand this past year. Without you, there would not be a Giordano.

劉國權
主席

二零零六年三月二十一日

LAU Kwok Kuen, Peter
Chairman

March 21, 2006

本集團經營業績

營業額

本集團於二零零五年取得總營業額港幣四十四億一千三百萬元(二零零四年:港幣四十億零三百萬元),對比去年上升百分之十點二;倘不計入匯兑之收益,則上升百分之九點七。於二零零五年,本集團有一個強勁良好之開端,營業額較去年同期上升百分之十五點八;惟因二零零五年第四季度在大中華地區的異常和暖天氣對銷售情況不利,以致上半年度強勁增長所帶來之佳績頓然失色。同時,本集團東南亞市場亦面對因息率、燃油價格及交通費用上升所導致消費意欲下降之挑戰。

成衣貿易及製造部門之營業額在抵銷分部間銷售前達港幣十億四千三百萬元(二零零四年:港幣八億二千四百萬元),較去年上升百分之二十六點六。在抵銷分部間銷售後,成衣貿易及製造部門之銷售額上升百分之五十五點七至港幣四億一千一百萬元(二零零四年:港幣二億六千四百萬元)。

零售及分銷部門之銷售額上升至港幣四十億零二百萬元(二零零四年:港幣三十七億三千九百萬元),對比去年增長百分之七。可比較門市之銷售額輕微下降百分之零點五,而可比較門市之毛利則上升百分之零點九。零售及分銷部門之營業額佔本集團總營業額,由二零零四年之百分之九十三點四下降至百分之九十點七。

毛利

儘管下半年之營商環境比較困難,由於有效之採購及成本管理,二零零五年整體毛利率得以保持平穩,維持於百分之五十點八。毛利則上升百分之十點二至港幣二十二億四千三百萬元(二零零四年:港幣二十億三千五百萬元)。

RESULTS OF GROUP OPERATIONS

Turnover

The Group achieved a total turnover for the year of HK$4,413 million (2004: HK$4,003 million), an increase of 10.2 percent year-on-year; or a 9.7 percent increase if foreign exchange gains were excluded. We had a strong start in 2005, delivering a 15.8 percent year-on-year turnover growth in the first half. This solid growth was overshadowed in the second half of 2005 by the adverse impact on sales of the unusually warm weather in the fourth quarter in Greater China. Meanwhile, our Southeast Asian markets were challenged by lowered consumer sentiments and spending due to higher interest rates, fuel and transportation costs.

The Garment Trading & Manufacturing Division recorded a 26.6 percent year-on-year turnover growth to HK$1,043 million (2004: HK$824 million) before the elimination of inter-segment transactions. After the elimination of inter-segment transactions, sales of the Garment Trading & Manufacturing Division grew by 55.7 percent to HK$411 million (2004: HK$264 million).

Sales of the Retail & Distribution Division grew by 7.0 percent year-on-year to HK$4,002 million (2004: HK$3,739 million). While comparable store sales declined slightly by 0.5 percent, comparable store gross profit grew by 0.9 percent. The Retail & Distribution Division accounted for 90.7 percent of the Group's total turnover, down from 93.4 percent in 2004.

Gross Profit

Despite a more difficult second half, overall gross margin for 2005 stayed steady at 50.8 percent due to efficient sourcing and cost management. Gross profit grew by 10.2 percent to HK$2,243 million (2004: HK$2,035 million).

經營費用

由於銷售額增長放緩，加上集團迅速和果斷的控制費用措施，下半年之經營開支增長減慢。二零零五年全年之經營費用上升百分之十一點七至港幣十八億二千五百萬元（二零零四年：港幣十六億三千四百萬元）。分銷開支上升百分之十三至港幣十三億四千九百萬元（二零零四年：港幣十一億九千四百萬元），主要是由於租金增加百分之十四點四和員工成本增加百分之十二點二所致。行政費用下降百分之二點九至港幣一億六千七百萬元（二零零四年：港幣一億七千二百萬元）。其他經營費用上升百分之十五點三至港幣三億零九百萬元（二零零四年：港幣二億六千八百萬元）。此增幅主要是由於廣告及宣傳開支增加百分之三十五點一所致。

Operating Expenses

Growth in operating expenses slowed in the second half, partly because of the slowdown in sales growth, but also because of the swift and decisive action that the Group took to control expenses. Operating expenses for 2005 as a whole grew by 11.7% to HK$1,825 million (2004: HK$1,634 million). Distribution expense rose by 13.0 percent, to HK$1,349 million (2004: HK$1,194 million), attributed mainly to a 14.4 percent increase in operating lease rental and a 12.2 percent increase in staff cost. Administrative expense declined 2.9 percent to HK$167 million (2004: HK$172 million). Other operating expense increased by 15.3 percent to HK$309 million (2004: HK$268 million). The increase was mainly attributable to a 35.1 percent increase in advertising and promotion expenses.

經營溢利及未計利息、稅項、折舊及攤銷費用之盈利(EBITDA)

本集團二零零五年之經營溢利為港幣五億一千八百萬元，較二零零四年錄得之港幣四億九千一百萬元增長百分之五點五。經營溢利率為百分之十一點七，較二零零四年下降零點六個百分點。

成衣貿易及製造部門之經營溢利上升至港幣五千八百萬元，較去年增加百分之十三點七。同時，零售及分銷部門之經營溢利合共為港幣四億六千萬元（二零零四年：港幣四億三千七百萬元），佔本集團之經營溢利百分之八十八點八（二零零四年：百分之八十九）。零售及分銷部門於二零零五年之經營溢利率下跌零點二個百分點至百分之十一點五。

本集團二零零五年之EBITDA為港幣六億七千二百萬元（二零零四年：港幣六億三千六百萬元），對比去年上升百分之五點七。EBITDA之利潤率則下降零點七個百分點至百分之十五點二（二零零四年：百分之十五點九）。

Operating Profit and Earnings before Interest, Taxation, Depreciation and Amortization Expense (EBITDA)

The Group's 2005 operating profit was HK$518 million, up 5.5 percent from the HK$491 million recorded in 2004. Operating margin was 11.7 percent, down 0.6 percentage point compared to 2004.

The Garment Trading & Manufacturing Division saw its operating profit increasing to HK$58 million, up 13.7 percent year-on-year. Meanwhile, operating profit from the Retail & Distribution Division totaled HK$460 million (2004: HK$437 million), representing 88.8 percent (2004: 89.0 percent) of the Group's operating profit. Operating margin for the Retail & Distribution Division in 2005 declined by 0.2 percentage point to 11.5 percent.

The Group's 2005 EBITDA amounted to HK$672 million (2004: HK$636 million), up 5.7 percent year-on-year. EBITDA margin declined by 0.7 percentage point to 15.2 percent (2004: 15.9 percent).

股東應佔溢利

股東應佔溢利合共港幣四億零六百萬元(二零零四年:港幣三億八千七百萬元),對比去年上升百分之四點九。應佔共同控制公司及一聯營公司之除税後溢利則下跌百分之六點一至港幣三千一百萬元(二零零四年:港幣三千三百萬元);下跌原因是由於南韓業務的溢利貢獻減少所致。

於二零零五年,本集團之實際税率由於不同市場之溢利貢獻組合改變而增加一個百分點。

Profit Attributable to Shareholders

Profit attributable to shareholders, totaling HK$406 million (2004: HK$387 million), represented a 4.9 percent increase year-on-year. Share of after tax profits of jointly controlled companies and an associate decreased by 6.1 percent to HK$31 million (2004: HK$33 million) due to a reduction in the profits contributed by our South Korean operation.

The Group's effective tax rate increased by 1 percentage point in 2005 due to the change in composition of profits contribution from the Group's various markets.

現金流量

經營業務之現金流入上升至港幣四億八千九百萬元(二零零四年:港幣三億二千七百萬元),主要由於二零零五年之存貨輕微增加港幣三千八百萬元(二零零四年:港幣一億零九百萬元)。再者,應付賬款和其他應付款繼二零零四年下跌後,於二零零五年有所增加,為現金流量帶來淨增加港幣五千六百萬元。

投資業務之現金流出額為港幣八千九百萬元,較二零零四年所錄得之港幣一億一千八百萬元為低。該跌幅很大程度歸因於資本性開支下降了港幣二千三百萬元。

儘管股息支出增加港幣三千九百萬元,但因管理層行使購股權以致本公司現金增加港幣九千萬元,使融資活動之現金流出額達港幣二億五千四百萬元,較二零零四年錄得之港幣三億一千七百萬元減少港幣六千三百萬元。

Cash Flow

Cash inflow from operating activities increased to HK$489 million (2004: HK$327 million), due mainly to a much smaller growth in inventories in 2005 of HK$38 million (2004: HK$109 million). In addition, after showing a decrease in 2004, there was an increase in trade and other payables in 2005 and this had a net effect of increasing cash flow by HK$56 million.

Cash outflow from investing activities, amounting to HK$89 million, was lower than the HK$118 million recorded in 2004. This is largely due to a HK$23 million decrease in capital expenditure.

At HK$254 million, cash outflow from financing activities was HK$63 million below the level of HK$317 million as recorded in 2004, despite an increase in dividend payment by HK$39 million which was offset by a HK$90 million increase in cash proceeds received from the exercise of share options by management staff.

本集團之財務狀況

於二零零五年十二月三十一日，本集團之現金及銀行存款為港幣九億零三百萬元（二零零四年：港幣七億五千二百萬元）。上升的其中原因為管理層於二零零五年行使購股權而令公司現金收入有所增加。

本集團之營運資金由二零零四年底之港幣八億六千一百萬元增加至二零零五年十二月三十一日之港幣十億二千九百萬元。流動比率為二點六倍，較二零零四年年底之二點四倍輕微上升。

於年底，本集團之存貨由二零零四年錄得之港幣三億三千一百萬元增加至港幣三億六千九百萬元。於二零零五年，存貨對銷售流轉比率為三十一日（二零零四年：三十日），處於本集團介乎二十八日至三十二日之目標範圍內。

於二零零五年十二月三十一日，本集團之總負債由二零零四年年底之港幣六億八千四百萬元上升百分之十點四至港幣七億五千五百萬元。股東權益較二零零四年年底之港幣十九億五千四百萬元上升百分之八點六達至港幣二十一億二千二百萬元。以股東權益計算之集團資本負債率為百分之三點六（二零零四年：百分之三點二）。

年內之資本性開支為港幣一億二千萬元（二零零四年：港幣一億四千三百萬元），佔經營業務現金流入淨額百分之二十四點五（二零零四年：百分之四十三點七）。管理層預期二零零六年之資本性開支將增加至約港幣一億五千萬元。

於年底，本集團之融資信貸合共港幣三億八千九百萬元（二零零四年：港幣三億八千九百萬元），當中港幣七千六百萬元之循環貸款經已提用而尚未償還。於二零零五年十二月三十一日，本集團之或然負債為港幣九百萬元（二零零四年：港幣九百萬元），該等款項乃於正常業務運作中產生。

GROUP FINANCIAL POSITION

At December 31, 2005, the Group had cash and bank deposits of HK$903 million (2004: HK$752 million). The increase is partly explained by cash receipts related to the exercise of management options in 2005.

At December 31, 2005, the Group's working capital was HK$1,029 million, up from HK$861 million at the end of 2004. Current ratio was 2.6 times, a slight increase from the 2.4 times at the end of 2004.

At the end of the year, the Group's inventories totaled HK$369 million, up from the HK$331 million recorded in 2004. In 2005, inventory turnover on sales was 31 days (2004: 30 days), within the Group's target range of 28 to 32 days.

At December 31, 2005, total liabilities were HK$755 million, up 10.4 percent from the HK$684 million at the end of 2004. Shareholders' equity was HK$2,122 million, a 8.6 percent increase over the HK$1,954 million at the end of 2004. The Group's gearing was 3.6 percent (2004: 3.2 percent) based on shareholders' equity.

Capital expenditure during the year was HK$120 million (2004: HK$143 million), representing 24.5 percent (2004: 43.7 percent) of net cash inflow from operating activities. Management foresees 2006 capital expenditure to increase to about HK$150 million.

The Group had financing facilities totaling HK$389 million at the end of the year (2004: HK$389 million), of which HK$76 million revolving loan facilities had been drawn and were outstanding. As at December 31, 2005, the Group had contingent liabilities of HK$9 million (2004: HK$9 million) incurred in the normal course of business.

部門業務概況

成衣貿易及製造部門

成衣貿易及製造部門之營業額（包括分部間銷售）為港幣十億四千三百萬元（二零零四年：港幣八億二千四百萬元），較去年增長百分之二十六點六。為減少對本集團其他部門之依賴，該部門繼續致力擴展客戶基礎。於二零零五年，分部間銷售佔該部門營業額百分之六十點六（二零零四年：百分之六十八）。該部門亦進一步把業務拓展至其他地區，以減少其對日本市場之依賴。於二零零五年，非日本之外來客戶之業務佔營業額約百分之二十七，相比於日本業務所佔之百分之十二，高出兩倍有多。

因此，該部門之經營溢利上升百分之十三點七至港幣五千八百萬元（二零零四年：港幣五千一百萬元）。然而，由於價格競爭愈趨激烈，經營溢利率下降零點六個百分點至百分之五點六（二零零四年：百分之六點二）。管理層相信，解決上述挑戰之最佳方法為取替過往之原設備製造(OEM)模式並提升價值鏈而轉往採用原設計製造(ODM)模式。藉著提供覆蓋設計、產品開發、全球採購、生產及供應鏈管理之一站式解決方案，管理層相信此舉有助本集團與更多外界客戶建立長遠夥伴關係，並能重新整固邊際利潤。

下表列示本集團成衣貿易及製造部門營業額之分項數字：

DIVISIONAL OPERATIONS HIGHLIGHTS

Garment Trading & Manufacturing Division

The Garment Trading & Manufacturing Division's turnover, including inter-segment sales, amounted to HK$1,043 million (2004: HK$824 million), a 26.6 percent increase over the previous year. The Division's continued activities in broadening its client base further reduced its reliance on the rest of the Group, with inter-segment sales in 2005 amounting to 60.6 percent of the Division's turnover (2004: 68.0 percent). The Division also achieved further geographic diversification to reduce its reliance on the Japanese market. In 2005, business with non-Japanese third parties accounted for about 27 percent of turnover, more than double that of Japan's 12 percent share.

As a result, the Division's operating profit increased by 13.7 percent to HK$58 million (2004: HK$51 million) though operating margins declined by 0.6 percentage point to 5.6 percent (2004: 6.2 percent) due to increased price competition. Management believes that the best way to address this challenge is to replace the OEM (Original Equipment Manufacturer) model of the past and move up the value chain to adopt an ODM (Original Design Manufacturer) model. By offering a one-stop solution covering design, product development, global sourcing, production and supply chain management, Management believes that it will help build long-term partnerships with more external clients and enable us to re-build margins.

The following table shows a breakdown of our Garment Trading & Manufacturing Division's turnover:

		2005	2004	2003	2002	2001
營業額 *(港幣百萬元)*	Turnover *(HK$ millions)*	**1,043**	824	685	759	727
佔營業額之百分比：	**Percentage of turnover to:**					
本集團	Group	**61**	68	76	72	70
第三者	Third Parties					
日本	Japan	**12**	17	17	23	25
香港	Hong Kong	**11**	3	4	3	3
中國大陸	Mainland China	**2**	1	–	–	–
南韓	South Korea	**–**	–	–	–	1
其他	Others	**14**	11	3	2	1

零售及分銷部門

零售及分銷部門之營業額合共為港幣四十億零二百萬元(二零零四年：港幣三十七億三千九百萬元)，較二零零四年增長百分之七。於二零零五年，本集團於全球增設一百零九間新店。

於年度內，可比較門市之銷售額對比去年減少百分之零點五，而可比較門市之毛利對比去年則增加百分之零點九。

*Giordano主系列*之零售營業額較去年增長百分之六點八。於二零零五年，環顧所有市場，以日本之銷售增長最高，緊隨的是澳洲及印尼。同時，年內之零售毛利率改善了一點一個百分點，其中以中國的毛利率之改善為最佳。本集團於二零零五年增設八十七間*Giordano主系列*新店，使全球之店舖數目增至一千五百二十七間。

與二零零四年相比，*Giordano Ladies*之營業額增長百分之十三點一，而毛利率則上升一個百分點。年內，除台灣外之所有市場之銷售額及毛利均錄得強勁增長。在台灣市場方面，大幅度之人事變動對上半年度之銷售額造成影響，但由於迅速採取行動解決有關問題，情況已穩定下來而銷售情況也見好轉。於二零零五年，本集團增設三間*Giordano Ladies*門市，並計劃於二零零六年在上海、香港及新加坡三地各增設一間新店。

*Bluestar Exchange*之營業額對比去年增長百分之五點八，而毛利率則增長一點九個百分點。本集團在澳洲開設的第一間*Bluestar Exchange*門市，表現亦如理想。年內，本集團增設了十九間*Bluestar Exchange*門市，使二零零五年年底之店舖數目達一百四十間。

Retail & Distribution Division

Turnover from the Retail & Distribution Division totaled HK$4,002 million (2004: HK$3,739 million), 7.0 percent higher than that of 2004. The Group added 109 outlets world-wide in 2005.

During the year, comparable store sales declined by 0.5 percent while comparable store gross profit increased by 0.9 percent year-on-year.

Turnover of *Giordano core-line* was 6.8 percent higher than that of the previous year. Among our markets, Japan saw the best sales growth in 2005, followed by Australia and Indonesia. Meanwhile, gross margins improved by 1.1 percentage points, with China seeing the best gross margin improvement during the year. The Group added 87 *Giordano core-line* outlets in 2005, bringing the total store count to 1,527 worldwide.

Turnover of *Giordano Ladies* increased 13.1 percent while gross margin rose by 1.0 percentage point when compared to that of 2004. All markets except Taiwan posted good sales and gross profit growth during the year. In Taiwan's case, high sales staff turnover affected sales in the first half but due to swift action to address the issues the situation has stabilized and sales are back on a growth track. The Group added three *Giordano Ladies* stores in 2005 and has plans to add one store each in Shanghai, Hong Kong and Singapore in 2006.

Bluestar Exchange's turnover increased by 5.8 percent year-on-year and gross margin widened by 1.9 percentage points. The Group opened its first *Bluestar Exchange* in Australia and the store has performed to expectations. Overall, we added 19 *Bluestar Exchange* outlets to bring the total store count to 140 by the end of 2005.

本集團與華特迪士尼(亞太區)有限公司(「華特迪士尼」)訂立地區性產品特許協議。根據協議,華特迪士尼授予本集團特許權設計、生產及推銷印上迪士尼人物之成人及童裝T恤及衛衣。該特許權包括全線迪士尼人物,並適用於整個亞太區。有關產品以「*Disney Collection by Giordano*」之標籤推廣,於二零零五年七月在香港推出,在數個月後推廣至其他亞太區市場。

The Group entered a region-wide product license agreement with The Walt Disney Company (Asia Pacific) Limited ("Walt Disney"). Pursuant to the agreement, Walt Disney granted Giordano the license to design, manufacture and market adult and children's T-shirts and sweatshirts featuring Disney characters. The license includes the full range of Disney characters and covers the entire Asia Pacific region. The products, marketed under the label "*Disney Collection by Giordano*", were launched in Hong Kong in July 2005 and in our other Asia Pacific markets in the following months.

零售及分銷部門 — 地區業務概況

RETAIL & DISTRIBUTION DIVISION – GEOGRAPHIC HIGHLIGHTS

本集團主要市場於上半年度之零售及分銷之銷售額均遠勝去年同期,整體銷售額較去年同期上升百分之十二點三。然而,由於大中華區第四季(即銷售業務的旺季)之天氣異常和暖,對銷售情況造成不利影響,使上半年度令人振奮之業績驟然失色。下半年度之增長速度放緩,僅較去年同期上升百分之二點五,而全年之增長為百分之七。

Retail & Distribution sales in the Group's key markets posted strong year-on-year turnover increases during the first half, with overall sales growth of 12.3 percent year-on-year. However, this favorable showing was overshadowed in the second half of 2005 by the adverse impact on sales caused by unusually warm weather in Greater China during the fourth quarter, the region's peak selling period. Second half growth slowed to 2.5 percent year-on-year and full year growth came in at 7.0 percent.

中國大陸

Mainland China

		2005	2004	2003	2002	2001
銷售額(*港幣百萬元*)*	Sales (*HK$ millions*)*	**987**	952	815	856	808
每平方呎銷售額(*港元*)**	Sales per sq. ft. (*HK$*)**	**2,400**	2,400	3,000	4,000	4,700
可比較門市之銷售額 增加/(減少)***	Comparable store sales increase/(decrease)***	**6%**	7%	(13%)	–	–
零售面積(平方呎)****	Retail floor area (sq. ft.)****	**585,600**	557,800	484,300	434,800	382,600
門市數目****	Number of outlets ****	**706**	671	581	532	461

* *包括售予特許專賣商之銷售淨額*
** *按加權平均基準計算之直接管理之門市*
*** *指於兩個作比較之財政年度內經營滿十二個月之直接管理門市*
**** *於十二月三十一日直接管理及特許專賣商門市總數*

* *Including net sales to authorized dealers*
** *On weighted average basis for directly managed outlets*
*** *For directly managed outlets which were operated for the full 12 months in each of the two fiscal years under comparison*
**** *Total directly managed and authorized dealer outlets as at December 31*

中國市場於上半年度之營業額較去年同期上升百分之十點六，但由於下半年天氣轉冷較往年遲，使銷售額受到影響，以致本集團需提前於十二月進行減價活動。上升走勢於下半年度反覆向下，對比去年同期減少百分之一點七。因此，全年營業額僅上升百分之三點七至港幣九億八千七百萬元（二零零四年：港幣九億五千二百萬元）。

Turnover in China grew by 10.6 percent year-on-year in the first half, but the trend reversed itself in the second half when turnover declined by 1.7 percent year-on-year due to the late arrival of cold weather which adversely affected sales and caused us to take earlier markdowns in December. As a result, turnover for the full year grew by 3.7 percent to HK$987 million (2004: HK$952 million).

年內，淨增設三十五間新店，當中二十九間為*Giordano主系列*門市、兩間*Giordano Ladies*門市、三間*Bluestar Exchange*門市及一間*Giordano Junior*門市。每平方呎之零售銷售額保持穩定，維持於港幣二千四百元之水平，而可比較門市之銷售額則上升百分之六。管理層繼續致力達至盈利持續增長之目標，就此，彼等在物色新店舖地點及重續租約時，將以長期盈利潛力為考慮重點。本集團計劃於二零零六年開設約三十間*Giordano主系列*門市及十間*Bluestar Exchange*門市。

During the year, there was a net increase of 35 outlets, of which 29 were *Giordano core-line*, two were *Giordano Ladies*, three *Bluestar Exchange* and one *Giordano Junior*. Retail sales per square foot held steady at HK$2,400 and comparable store sales increased by 6.0 percent. Management remains committed to achieving sustainable and profitable growth and in this respect will focus on long-term profit potential when committing to new locations and renewing old leases. Plans are to add about 30 *Giordano core-line* and 10 *Bluestar Exchange* outlets in 2006.

香港

Hong Kong

		2005	2004	2003	2002	2001
銷售額（*港幣百萬元*）	Sales (*HK$ millions*)	**867**	810	697	776	760
每平方呎銷售額（*港元*）*	Sales per sq. ft. (*HK$*)*	**7,400**	7,100	6,200	6,800	6,400
可比較門市之銷售額 增加/（減少）**	Comparable store sales increase/(decrease)**	**4%**	11%	(15%)	3%	(8%)
零售面積（平方呎）***	Retail floor area (sq. ft.)***	**119,500**	113,700	112,100	116,400	114,200
門市數目***	Number of outlets***	**101**	92	75	73	72

* *按加權平均基準計算*

** *指於兩個作比較之財政年度內經營滿十二個月之門市*

*** *於十二月三十一日*

* *On weighted average basis*

** *For outlets which were operated for the full 12 months in each of the two fiscal years under comparison*

*** *As at December 31*

隨著股市及物業市道復蘇，香港之消費信心持續改善。因此，本集團於二零零五年大部分時間均錄得穩定之按年增長，升勢於第四季度因天氣影響放緩。香港迪士尼樂園之開幕亦未能如預期般帶來大量旅客。儘管如此，二零零五年之營業額仍上升百分之七至港幣八億六千七百萬元（二零零四年：港幣八億一千萬元）；其中以*Giordano Ladies*之增長最為強勁。全年之每平方呎銷售額及可比較門市之銷售額均增加百分之四。

Consumer confidence in Hong Kong continued to improve in line with gains in the stock and property markets. As a result, we saw steady year-on-year growth through most of 2005 until the unfavorable weather in the fourth quarter slowed down the pace. Disneyland Hong Kong also delivered a much smaller boost to tourist arrivals than originally anticipated. Nevertheless, in 2005 turnover grew 7.0 percent to HK$867 million (2004: HK$810 million), with *Giordano Ladies* achieving the best growth. Full year per-square-foot sales and comparable store sales both increased by about 4.0 percent.

於年度內，本集團增設九間新店，當中有兩間*Giordano*主系列門市及七間*Bluestar Exchange*門市，致使二零零五年底店舖總數達一百零一間。零售店舖租金因憧憬香港迪士尼樂園開幕而急升，幸而本集團兩間旗艦店均訂有長期租約，因而減輕了租金急升對本集團之影響。

We added nine outlets during the year, of which two were *Giordano core-line* and seven were *Bluestar Exchange*, bringing the total number of outlets to 101 at the end of 2005. We saw a rapid escalation of rentals in the run-up to Disneyland Hong Kong's opening but fortunately the effect on the group has been mitigated by the fact that our two flagship stores are secured by long-term leases.

台灣 Taiwan

		2005	2004	2003	2002	2001
銷售額（港幣百萬元）	Sales (HK$ millions)	**732**	707	604	677	746
每平方呎銷售額（港元）*	Sales per sq. ft. (HK$)*	**3,000**	2,900	2,600	2,900	3,600
可比較門市之銷售額（減少）/增加**	Comparable store sales (decrease)/increase**	**(6%)**	1%	(13%)	(15%)	(14%)
零售面積（平方呎）***	Retail floor area (sq. ft.)***	**243,900**	245,800	241,500	232,900	232,400
門市數目***	Number of outlets ***	**237**	236	195	182	181

* 按加權平均基準計算
** 指於兩個作比較之財政年度內經營滿十二個月之門市
*** 於十二月三十一日

* *On weighted average basis*
** *For outlets which were operated for the full 12 months in each of the two fiscal years under comparison*
*** *As at December 31*

儘管上半年度營業額較去年同期大幅上升百分之十四點六，但隨著台灣消費信心急跌，下半年度之銷售額較去年同期下降百分之六點八，致使全年度之營業額僅上升百分之三點五至港幣七億三千二百萬元（二零零四年：港幣七億零七百萬元）。每平方呎銷售額輕微上升，而可比較門市之銷售額則減少百分之六。儘管經營環境滿佈挑戰，本集團仍繼續審慎地管理折扣及減價政策，使本年度毛利率實質上升兩個百分點。年內，本集團結束了兩間*Giordano*門市，同時新增了三間*Bluestar Exchange*門市。

Despite a strong start, with sales growth of 14.6 percent year-on-year in the first half, sharply weakening consumer confidence in Taiwan resulted in second half sales declining by 6.8 percent year-on-year, so that turnover for the year grew by 3.5 percent only to HK$732 million (2004: HK$707 million). Sales per square foot managed a marginal increase while comparable store sales declined by 6.0 percent. Despite the challenging trading environment, we continued to focus on prudently managing our discount and markdowns so that gross margins actually widened by 2.0 percentage points during the year. We closed two *Giordano* and added three *Bluestar Exchange* outlets during the year.

新加坡 Singapore

		2005	2004	2003	2002	2001
銷售額（港幣百萬元）	Sales *(HK$ millions)*	**403**	391	348	372	330
每平方呎銷售額 *(港元)**	Sales per sq. ft. *(HK$)**	**8,300**	8,700	7,700	9,000	9,700
可比較門市之銷售額（減少）/增加**	Comparable store sales (decrease)/increase**	**(1%)**	13%	(14%)	(7%)	(13%)
零售面積（平方呎）***	Retail floor area (sq. ft.)***	**50,500**	48,600	43,600	46,000	37,800
門市數目***	Number of outlets ***	**48**	47	43	49	44

* *按加權平均基準計算*
** *指於兩個作比較之財政年度內經營滿十二個月之門市*
*** *於十二月三十一日*

* *On weighted average basis*
** *For outlets which were operated for the full 12 months in each of the two fiscal years under comparison*
*** *As at December 31*

營業額增長百分之三點一至港幣四億零三百萬元（二零零四年：港幣三億九千一百萬元）。可比較門市之銷售額及每平方呎銷售額分別下降百分之一點二及百分之四點六，而毛利率則無重大變化。年內，本集團增加了一間*Giordano主系列*的門市。

Turnover increased 3.1 percent to HK$403 million (2004: HK$391 million). Comparable store sales and per-square-foot sales declined by 1.2 percent and 4.6 percent respectively. Gross margin remained essentially unchanged. We added one *Giordano core-line* outlet in 2005.

其他市場

於本年度內，本集團其他市場之銷售額對比去年均錄得強勁增長。此等市場合共佔本集團二零零五年總零售及分銷營業額百分之十六，二零零四年則為百分之十五點二。

Other Markets

During the year, the Group's other markets all achieved strong year-on-year sales. Taken together, this group accounted for 16.0 percent of the Group's total 2005 retail and distribution turnover, compared to 15.2 percent in 2004.

(以港幣百萬元為單位)	*(In HK$ millions)*	澳洲 Australia	馬來西亞 Malaysia	印尼 Indonesia	泰國 Thailand	日本 Japan	合計 Total
二零零五年	**2005**	**222**	**126**	**139**	**91**	**63**	**641**
二零零四年	2004	188	126	119	84	53	570
對比去年上升	Year-on-year increase	18%	–	17%	8%	19%	12%

澳洲

澳洲繼二零零四年錄得強勁業績增長後，持續取得理想成績。於二零零五年，銷售額增加百分之十八點一至港幣二億二千二百萬元（二零零四年：港幣一億八千八百萬元）。倘不計入匯兑之收益，銷售額仍較去年增加百分之十四點六。隨著本集團持續將業務自新南威爾斯省及維多利亞省拓展至東海岸其他城市，本公司於二零零五年增設了九間*Giordano主系列*店。集團亦於二零零五年開設當地首間*Bluestar Exchange*門市，而該門市迄今業績亦符合預期。綜合計算，於二零零五年底店舖總數增至五十二間。

Australia

Australia continued to deliver good growth after a strong 2004. In 2005, sales advanced 18.1 percent to HK$222 million (2004: HK$188 million). If foreign exchange gains were excluded, sales would still have grown by 14.6 percent over the previous year. Nine *Giordano core-line* stores were added in 2005 as we continued with our expansion out of New South Wales and Victoria into the rest of the eastern seaboard. We opened our first *Bluestar Exchange* store in 2005 and thus far it has performed to our expectations. Together, the total store count has increased to 52 at the end of 2005.

馬來西亞、泰國及印尼

利率攀升和燃料漲價導致消費信心下滑，對此三個市場之增長表現造成打擊。因此，本年度馬來西亞之營業額相比去年並無增長，而印尼及泰國之營業額則分別增長百分之十六點八及百分之八點三，增幅主要來自新開設之店舖。本集團在馬來西亞、泰國及印尼分別增設四間、十一間及十七間店舖；在年終時，此三個市場之店舖總數分別達五十三、五十七及六十二間。

Malaysia, Thailand and Indonesia

Growth in all three markets were negatively impacted by interest rate increases and fuel price hikes which took their toll on consumer confidence. As a result, Malaysia ended the year with flat turnover growth while Indonesia and Thailand saw turnover increasing by 16.8 percent and 8.3 percent respectively, mainly due to new store openings. We added four stores in Malaysia, eleven in Thailand and seventeen in Indonesia so that at the end of 2005 the total store counts in these three markets stand at 53, 57 and 62 respectively.

日本

銷售額對比去年增長百分之十八點九；倘不計入匯兌帶來之負面影響，銷售額則有百分之二十一點七之增長。年內，集團已完全撤出東京地區，因而導致門市淨減少三間；於二零零五年十二月三十一日之店舖總數為二十一間。每平方呎之銷售額上升百分之九點一。日本業務之虧損於二零零五年進一步收窄，管理層將致力於二零零六年使其達至收支平衡。

Japan

Sales grew 18.9 percent year-on-year, or 21.7 percent when negative foreign exchange impact was excluded. During the year, we completed our exit from the Tokyo region thereby resulting in a net reduction of three outlets, taking total store count to 21 as at December 31, 2005. Sales per square foot rose by 9.1 percent. Japan further narrowed its loss in 2005 and Management aims to achieve breakeven in 2006.

合營公司

南韓

由於南韓圜升值，本集團於南韓之共同控制公司的營業額較去年上升百分之十一點二至港幣九億九千五百萬元（二零零四年：港幣八億九千五百萬元）。按當地幣值計算，銷售較去年下跌百分之零點九，部分原因為二零零五年淨減少了四間門市，使年終之店舖總數減至一百六十八間。與二零零四年及二零零三年按當地幣值計算之營業額分別下跌百分之十三點四及百分之二十七點四相比，顯示營業額已大幅改善。同時，在採購成本下降及繼續奉行嚴謹定價及減價控制下，毛利率持續有所改善。二零零五年除稅後溢利為港幣三千八百萬元，較二零零四年錄得之港幣四千六百萬元為低，主要是由於該年度有一次性的有利稅項調整。在二零零五年十二月三十一日，本集團持有南韓之共同控制公司百分之四十九點五之股權。

Joint Ventures

South Korea

Turnover of our South Korean jointly controlled company increased by 11.2 percent year-on-year to HK$995 million (2004: HK$895 million) due to the appreciation of the South Korean Won. In local currency terms, sales declined by 0.9 percent year-on-year, due in part to the fact that there has been a net reduction of four locations in 2005 which brought the total store count down to 168. This represents a significant improvement over the 13.4 percent and 27.4 percent local currency turnover declines that we suffered in 2004 and 2003 respectively. Gross margin continued to improve owing to lower sourcing costs and continued discipline on pricing and discounts. After tax profit in 2005 was lower at HK$38 million compared to the HK$46 million recorded in 2004, due mainly to the fact that there was a favorable one-off tax adjustment that year. At December 31, 2005, the Group held 49.5 percent in its South Korean jointly controlled company.

中東

消費信心在油價上漲刺激下繼續向好，集團亦把握時機於區內增設十八間店舖，令二零零五年十二月三十一日之店舖總數達一百零七間，使本集團之中東聯營公司於二零零五年之營業額上升百分之十五點三至港幣三億三千二百萬元（二零零四年：港幣二億八千八百萬元）；除稅後溢利增長百分之十二點二至港幣五千五百萬元（二零零四年：港幣四千九百萬元）。然而，由於該地區吸引了愈來愈多新的品牌，導致市場競爭加劇。本集團計劃於二零零六年在該地區增加十二間門市。在二零零五年十二月三十一日，本集團持有該中東聯營公司百分之二十之股權。

Middle East

Buoyed by rising oil prices, consumer confidence continued to improve and we capitalized on the trend by adding 18 new locations in the region, bringing the total store count in the region to 107 as at December 31, 2005. As a result, turnover of our associate company in the Middle East grew by 15.3 percent to HK$332 million (2004: HK$288 million), and after tax profit grew by 12.2 percent to HK$55 million (2004: HK$49 million). However, competition has heated up significantly as more brands are attracted to the region. We plan to add about 12 outlets in the region in 2006. At December 31, 2005, we held 20.0 percent in our Middle East associate.

人力資源

於二零零五年十二月三十一日，本集團約有一萬一千名僱員。本集團向若干高級管理人員提供優厚之花紅計劃，作為獎勵及挽留優秀幹練管理層人才之方法。此外，本集團亦向各級員工提供優厚薪酬，更發放按目標為本計算之花紅。

展望

由於油價高企、利率上揚及可能爆發禽流感之憂慮，二零零六年全球經濟前景依然未明朗。與此同時，各地市場之競爭不斷加劇。反常天氣加上以上因素，使本年至今業績低於管理層之期望。二零零六年首兩個月之銷售錄得高單位數字之跌幅，三月份至今表現有所好轉而存貨亦維持於一個合理水平。

於二零零六年，本集團對去年表現作出深入檢討，並把重點投放在商品營銷及顧客服務事宜。於商品營銷方面，本集團已開始對門市網絡作出全盤之檢討，以求更深入了解每間門市之顧客特性。此舉有助本集團制訂更能迎合當地顧客需求之營銷策略，從而締造更佳之可比較門市增長。本集團亦將積極在全球推行「沒有陌生人的世界」之顧客關係管理系統。此系統已發展達兩年之久，並與本集團全球資訊科技系統全面融合，讓集團能以現時各個地區市場之優惠卡計劃作為基礎，從而建立起強大之全球顧客關係管理項目。管理層預期，上述兩個項目將可助集團鞏固顧客對品牌之忠誠度，並進一步提升銷售增長。

同時，本集團亦計劃在二零零六年於其全球網絡中增設約七十間新店。當中部分新店將於現有市場中開設，而部分則會於本集團本年度新開拓之市場中(如印度)開設。綜觀上述各項，雖然二零零六年首季面對挑戰，本集團對前景仍抱審慎樂觀之態度，並冀望能取得穩定之增長。

HUMAN RESOURCES

On December 31, 2005, the Group had approximately 11,000 employees. The Group offers incentive bonus schemes to certain senior managers as a means to reward and retain a high caliber management team. Competitive remuneration packages and goal-oriented bonuses are also paid to different levels of staff.

OUTLOOK

The general economic outlook for 2006 is clouded by continuing concerns about high oil prices, rising interest rates and the possible outbreak of avian flu. At the same time, competition continues to intensify in markets everywhere. Erratic weather has further compounded these factors so that performance to date did not meet Management's expectations, with the Group posting a high single digit year-on-year turnover decline for the first two months of 2006. Performance has improved in March and inventory levels remain healthy.

In 2006, we will focus our attention on addressing the merchandizing and customer care issues that we have identified following a thorough review of our 2005 performance. On the merchandizing side, we have embarked on a bottom-up review of our network of outlets to gain a more detailed understanding of each one's customer profile. This would allow us to better target our merchandize offering to meet local customer needs, thus driving better comparable store growth. We will also push ahead with the global launch of the "World Without Strangers" customer relationship management (CRM) program. The system, developed over the last two years, is seamlessly integrated into our global IT system and will allow us to leverage on our existing local privilege card programs to build a strong global CRM program. We expect these two initiatives to help us cement brand loyalty and enhance sales growth.

We also plan to add approximately 70 stores to our global network in 2006. These will include additions in our existing markets as well as new markets like India that we are launching this year. Overall, despite a challenging first quarter, we remain cautiously optimistic about 2006 prospects and target to achieve steady growth for the Group.

1. **中國大陸**

中國大陸將繼續成為本集團主要增長動力來源。本年度重點計劃之一為重新啟動批發業務動力。為達至此目標，集團已重整採購流程及系統，務求使產品之定位較佳，以迎合當地顧客之需要。管理層預計此計劃不僅有助改善批發銷售，亦幫助集團之零售門市提升生產力。增長可望透過實施平衡及穩妥之店舖拓展計劃，務求於愈見複雜及競爭更為激烈之市場中繼續擴展及保持盈利能力。本集團計劃於二零零六年在中國增設四十間門市。

2. **香港**

儘管消費信心在物業及股票市場上升刺激下得到支持，但樂觀前景因利率上升和禽流感帶來之憂慮而添上不明朗因素。管理層相信香港之租金水平已見頂，並將於下半年逐步回落。由於香港屬本集團最為成熟及飽和之市場之一，故管理層沒有計劃於此市場大幅增設新店。相反，管理層有意藉此機會調整店舖組合，並透過更精確的商品營銷來提升銷售額及溢利增長。

3. **台灣**

受到家庭入息負增長及消費信貸緊縮嚴重拖累，台灣消費信心於二零零五年跌至新低。再者，海峽兩岸關係愈趨緊張，二零零六年之台灣實為最具挑戰性之市場。本集團將致力改善貨品營銷以提升可比較門市之銷售額增長，以及加緊對存貨及成本的控制。

1. **Mainland China**

Mainland China will continue to be an important source of growth for the Group. One of the main initiatives this year is to recapture wholesale sales momentum. To this end, we have revamped our merchandizing processes and systems to better position our product offerings to match local customer needs. We expect this initiative to help not only with improving wholesale sales but also in raising productivity of our own retail outlets. Growth will be augmented by a balanced and managed store roll-out program that targets sustained profitability in an expanding but increasingly complex and competitive market. We plan to add 40 outlets in China in 2006.

2. **Hong Kong**

Although consumer confidence continues to be buoyed by gains in the property and stock markets, the optimistic outlook is clouded by concerns about rising interest rates and avian flu. Management believes that rentals have peaked in Hong Kong and should begin to abate in the second half. However, seeing that Hong Kong is one of the Group's most mature and saturated markets, Management is not planning significant additions to its network. Instead, Management plans to take advantage of this opportunity to adjust its portfolio of stores and to enhance sales and profits growth through more targeted merchandizing.

3. **Taiwan**

With negative household income growth and a gathering consumer credit crunch, Taiwanese consumer confidence experienced new lows in 2005. Furthermore, the increased strain in cross-straits ties makes Taiwan's outlook for 2006 the most challenging among all our markets. Our focus will be on improved merchandizing to drive comparable store sales growth as well as tighter inventory and cost controls.

4. 新加坡

一如香港，新加坡亦為*Giordano*最飽和及成熟之市場之一，故此管理層透過更有效實行採購、成本和存貨控制、店內陳列及員工發展等措施，注重推動可比較門市之銷售額增長。繼首間*Giordano Ladies*門市表現反應理想，集團將於二零零六年下半年在萊佛士城開設第二間分店。

5. 南韓

南韓服裝零售市場之復蘇前景仍不明朗，而且市場競爭依然十分熾烈，尤以向來屬本集團強項之年青人市場為甚。於二零零六年，管理層將側重於利用集團在改良產品開發、採購、存貨管理及定價政策方面所取得之成效，促進銷售持續增長及盈利率之改善。預期一部分增長會來自可比較門市銷售額之改善及一部分來自新增店舖。管理層計劃於二零零六年增設十間店舖。

6. 日本

管理層將於日本保持原有之發展方向，並在關西地區已建立之基礎上繼續發展，以求本年度日本業務能取得收支平衡。

7. 新市場

本集團將於二零零六年第二季在印度清奈開設當地首間*Giordano*門市，並已物色更多店址，預期於二零零六年開設兩至三間新店，及於二零零七年開設數量相若之店舖。

4. Singapore

Like Hong Kong, Singapore is another highly saturated and mature market for *Giordano* so the focus for Management is to drive comparable store sales growth through better execution in areas such as merchandizing, cost and inventory controls, in-store visual display and staff development. Following on the success of our first *Giordano Ladies* store, we will be opening a second store in Raffles City in the second half of 2006.

5. South Korea

Prospects for a recovery in the South Korean apparel retail sector are still uncertain and the sector remains highly competitive, especially in the youth market which has traditionally been our strength. In 2006, Management will focus on leveraging the gains we have made in improved product development, sourcing, inventory management and pricing discipline to drive sustained sales growth and margin improvement. The growth is expected to come partly from comparable store sales improvements, and partly from new store openings. To that end, we plan to add ten locations in South Korea in 2006.

6. Japan

Management will stay the course in Japan and continue building on the base we have established in Kansai, with a view to achieving breakeven in Japan this year.

7. New Markets

We will open our first *Giordano* store in India in Chennai in the second quarter of 2006. More store sites have been identified and we expect to open two or three stores in 2006 and a similar number in 2007.

本公司董事會(「董事會」)恪守維持高水平的企業管治及商業道德標準的承諾，並堅信此對於維持及提高投資者的信心和增加股東的回報至為重要。為了達到與公司有相關利益者對企業管治水平不斷提升的期望和符合日趨嚴謹的法規要求，以及實踐董事會對堅守優越企業管治的承諾，董事會不斷檢討集團的企業管治守則。

The board of directors ("Board") is committed to upholding a high standard of corporate governance practices and business ethics in the firm belief that they are essential for maintaining and promoting investors' confidence and maximizing shareholders' returns. The Board reviews its corporate governance practices from time to time in order to meet the rising expectations of stakeholders and comply with increasingly stringent regulatory requirements, and to fulfill its commitment to excellence in corporate governance.

香港聯合交易所有限公司(「聯交所」)發出的《企業管治常規守規》(「企業管治守則」)已於二零零五年一月一日生效。企業管治守則訂明兩個層次的企業管治守則，包括：強制守則條文 – 上市公司必須遵守，或對任何偏離守則條文的情況作出解釋；及建議最佳常規 – 鼓勵上市公司加以遵守但毋需披露偏離常規的情況。除了於本報告內描寫的偏離外，本公司已遵守企業管治守則中的強制守則條文。

The Code on Corporate Governance Practices ("CG Code") issued by The Stock Exchange of Hong Kong Limited ("Stock Exchange") came into effect on January 1, 2005. The CG Code sets out two levels of corporate governance practices namely, mandatory code provisions that a listed company must comply with or explain its non-compliance, and recommended best practices that listed companies are encouraged to comply with but need not disclose in the case of non-compliance. The Company is in compliance with the mandatory code provisions of the CG Code except for certain areas of non-compliance that are discussed later in this report.

董 事 會

BOARD

董事會肩負向本公司整體提供有效率和負責任的領導。董事會各成員，無論個別或共同地，都必須真誠地以公司及股東的整體利益為前提行事。

The Board is charged with providing effective and responsible leadership for the Company. The directors, individually and collectively, must act in good faith in the best interests of the Company and its shareholders.

董事會由四名獨立非執行董事及三名執行董事組成，並由一位獨立顧問向彼等提出意見。董事會已設立董事委員會，監察本公司不同範疇之事務。本公司之董事會及各董事委員會成員之組成如下，而各委員會的職責於本報告內有進一步之描述。

The Board comprises four Independent Non-executive Directors and three Executive Directors and is advised by an Independent Board Advisor. The Board has appointed Board Committees to oversee different areas of the Company's affairs. The composition of the Board and the Board Committees are given below and their respective responsibilities are discussed in this report.

董事會	Board of Directors	審核委員會 Audit Committee	補償委員會 Compensation Committee
獨立非執行董事	**Independent Non-executive Directors**		
歐文柱先生	Mr. AU Man Chu, Milton	✓	
畢滌凡先生	Mr. Barry John BUTTIFANT	✓	✓
鄺其志先生	Mr. KWONG Ki Chi	✓	
李鵬飛博士	Dr. LEE Peng Fei, Allen	✓	✓
執行董事	**Executive Directors**		
劉國權先生 *（主席及行政總裁）*	Mr. LAU Kwok Kuen, Peter *(Chairman and Chief Executive)*		✓
馮永昌先生	Mr. FUNG Wing Cheong, Charles		
馬灼安先生	Mr. MAH Chuck On, Bernard		
獨立董事會顧問	**Independent Board Advisor**		
梁覺教授	Professor LEUNG Kwok		✓

董事會訂立本集團之整體策略和方向，及監管和評估本集團其營運與財務上之表現，並檢討本公司之企業管治水平。董事會亦須決定各項公司事宜，其中包括全年及中期業績、重大交易、董事聘任或續聘、股息分派及會計政策。董事會已授權管理委員會負責推行其商業策略及管理本集團之日常商業運作。管理委員會由本公司三位執行董事組成，並對董事會負全責。本公司已為董事及高級管理人員購買合適之責任保險。

The Board sets the Group's overall objectives and strategies, monitors and evaluates its operating and financial performance and reviews the corporate governance standard of the Company. It also decides on matters such as annual and interim results, major transactions, director appointments or re-appointments, and dividend and accounting policies. The Board has delegated the authority and responsibility for implementing its business strategies and managing the daily operations of the Group's businesses to a Management Committee. The Management Committee comprises the three Executive Directors and is fully accountable to the Board. The Company maintains appropriate directors' and officers' liabilities insurance.

為了達至全體董事能盡量出席會議，定期董事會會議的日期會預先計劃。公司秘書協助主席擬訂董事會會議議程，而每位董事均獲邀提出任何擬在會議中討論和動議的事項。董事會會議文件在會議舉行前不少於三天送予所有董事傳閱，以確保彼等可及時地獲得一切有關會議議程之資料。董事在有需要時可尋求獨立專業意見。會議紀錄之初稿及最終定稿亦發送予所有董事供彼等提供意見。於二零零五年，本公司共舉行了五次全體董事會會議；而有關會議之董事出席紀錄如下：

Regular Board meetings are scheduled in advance to facilitate fullest possible attendance. The Company Secretary assists the Chairman in setting the agenda of Board meetings and each Director is invited to present any businesses that he wishes to discuss or propose at such meetings. Board papers are circulated to all Directors not less than three days before the Board meetings to ensure timely access to relevant information. Directors may choose to take independent professional advice if necessary. Draft and final versions of minutes are circulated to all Directors for comments. The Company held five full Board meetings in 2005. Attendance of the full Board meetings are as follows:

出席紀錄	Attendance	出席會議次數 No. of meetings attended
歐文柱先生*	Mr. AU Man Chu, Milton*	3/5
畢滌凡先生*	Mr. Barry John BUTTIFANT*	5/5
鄺其志先生*	Mr. KWONG Ki Chi*	4/5
李鵬飛博士*	Dr. LEE Peng Fei, Allen*	5/5
劉國權先生(*主席*)	Mr. LAU Kwok Kuen, Peter *(Chairman)*	5/5
馮永昌先生	Mr. FUNG Wing Cheong, Charles	5/5
馬灼安先生	Mr. MAH Chuck On, Bernard	5/5

* *獨立非執行董事*

* *Independent Non-executive Directors*

在二零零五年，主席在沒有執行董事出席下與獨立董事舉行了會議。

In 2005, the Chairman also met with Independent Directors without the presence of the Executive Directors.

各董事會成員之間並沒有財務、業務、親屬或其他重大或相關之關係；惟畢滌凡先生、鄺先生及劉先生同時在某些香港上市公司出任董事職位。畢滌凡先生及鄺先生分別為新昌營造集團有限公司(「新昌」)及新昌管理集團有限公司之替代董事及非執行董事，而劉先生同時亦為新昌之獨立非執行董事。董事會認為，上述之關係不會影響該等董事在執行職責時之獨立判斷及個人誠信。所有獨立董事均為本公司帶來多方面的經驗和專業知識。

The Board members have no financial, business, family or other material/relevant relationships with each other save that Mr. Buttifant, Mr. Kwong and Mr. Lau have common directorship in other listed companies in Hong Kong. Mr. Buttifant and Mr. Kwong serve on the boards of Hsin Chong Construction Group Ltd. ("Hsin Chong") and Synergis Holdings Limited as alternate director and non-executive director respectively; and Mr. Lau serves as an independent non-executive director of Hsin Chong. In the Board's opinion, these relationships do not affect the Directors' independent judgment and integrity in executing their roles and responsibilities. All Independent Directors bring a variety of experience and expertise to the Company.

各獨立非執行董事已根據聯交所證券上市規則(「上市規則」)的規定就其獨立性以書面確認；因此，本公司認為該等董事確屬獨立人士。

Each of the Independent Non-executive Directors has confirmed in writing his independence from the Company in accordance with the guidelines on director independence of the Rules Governing the Listing of Securities on the Stock Exchange ("Listing Rules"). On this basis, the Company considers all such directors to be independent.

於本報告日，本公司董事之個人資料詳載於本年報第七頁至第十頁。

Biographical details of the Directors of the Company as at the date of this report are set out on pages 7 to 10 of this annual report.

基於董事會的組合及每位董事之技能、學識和專業知識，董事會相信其架構已能恰當地提供足夠之監察，以保障集團和股東的利益。董事會將定期檢討其組合，以確保其在專業知識、技能及經驗方面維持合適的平衡，藉以繼續有效地監管本公司之業務。

Given the composition of the Board and the skills, knowledge and expertise that each Director brings to bear in its deliberations, the Board believes that it is appropriately structured to provide sufficient checks and balances to protect the interests of the Group and the shareholders. The Board will review its composition regularly to ensure that it has the appropriate balance of expertise, skills and experience to continue to effectively oversee the business of the Company.

董事之委任及重選

由於新董事的委任是由董事會全體成員參議，因此本公司沒有成立提名委員會。在提名新董事時，董事會會考慮彼等之專業知識、經驗、誠信及承擔等各方面的資歷。

根據公司細則(「細則」)，所有董事(惟主席及/或董事總經理除外)須於本公司之股東週年大會上輪值告退，並接受重選。於年內獲董事會委任之董事亦須在獲委任後之首次股東週年大會上退任，並可膺選連任。再者，於每屆股東週年大會上須有三分之一或(如董事會人數不是三或三的倍數)最接近但不超過三分之一的董事(不包括主席及/或董事總經理)退任。現時，所有獨立非執行董事的指定任期為一年。在七名董事當中，除主席以外餘下六名須輪值告退；在排除年內出現不可預見的辭任或退任的情況下，每名董事的有效任期平均為三年。

現行有關董事退任之細則與企業管治守則有下列之偏離事項：(i)主席及/或董事總經理毋須輪值告退；(ii)獲委任填補臨時空缺的董事須在其獲委任後之首次股東週年大會(而非首次股東大會)上告退並接受股東重選；及(iii)沒有明確地要求每名須輪值告退的董事最少每三年退任一次。

目前，主席及行政總裁之角色同時由一人出任，其原因將於下一部份描述。因此，主席及董事總經理將不受細則中輪值告退的條文所限。就上一段提及之第(ii)及第(iii)項，董事會擬向股東建議於即將在二零零六年五月召開之股東週年大會上動議通過特別決議案修改公司細則以符合相關企業管治守則條文。

APPOINTMENT AND RE-ELECTION OF DIRECTORS

Since the full Board is involved in the appointment of new Directors, the Company has not established a Nomination Committee. The Board will take into consideration criteria such as expertise, experience, integrity and commitment when considering new director appointments.

In accordance with the Bye-Laws of the Company ("Bye-Laws"), all Directors (except the Chairman and/or Managing Director) are subject to retirement by rotation and re-election at annual general meetings of the Company. New Directors appointed by the Board during the year are required to retire and submit themselves for re-election at the first annual general meeting immediately following their appointments. Further, at each annual general meeting, one-third of the Directors (excluding the Chairman and/or Managing Director), or, if their number is not a multiple of three, then the number nearest to but not exceeding one-third are required to retire from office. Currently, all Independent Non-executive Directors are appointed for a specific term of one year. Out of the seven directors, six of them (except the Chairman) are subject to retirement by rotation, and barring unforeseen resignation or retirement during a year, each such Director is effectively appointed for an average term of about three years.

The existing Bye-Laws governing the retirement of Directors deviate from the CG Code provisions in the following aspects: (i) unlike the other Directors, the Chairman and/or Managing Director is not subject to retirement by rotation; (ii) new Directors appointed to fill casual vacancies are subject to election by shareholders at the first annual general meeting instead of the first general meeting after their appointments; and (iii) the Directors who are subject to retirement by rotation are not explicitly subject to retirement at least once every three years.

Presently, the roles of the Chairman and Chief Executive are vested in the same person and the reason for this is addressed in the next section. Accordingly, both the Chairman and the Managing Director will be exempt from any retirement provisions of the Bye-Laws. To address items (ii) and (iii) in the preceding paragraph, the Board shall propose to the Shareholders at the coming annual general meeting to be convened and held in May, 2006 to pass a special resolution amending the Bye-Laws to bring them in compliance with the CG Code.

主席及行政總裁

守則條文規定主席及行政總裁之角色必須分開及不能由同一人出任。本公司主席及行政總裁的角色沒有分開，現時由劉國權先生同時出任此兩個職位。董事會認為由同一人擔任主席及行政總裁之職位能為本集團提供強勢及貫徹之領導，並能更有效策劃及推行長期商業策略以及增加決策過程的效率，以適應不斷改變之環境。董事會同時相信本公司已擁有堅實企業管治架構以確保能有效地監管本公司之管理層。該架構的主要內容包括：

- 董事會之成員大部為獨立非執行董事；
- 審核委員會之成員全部為獨立非執行董事；
- 補償委員會成員大部份為獨立非執行董事和獨立董事會顧問；
- 確保獨立非執行董事可自由及直接地接觸本公司之外聘核數師及內部審計師，並在有需要時尋求獨立專業意見；
- 設立「密函檢舉」機制，允許員工以匿名和機密形式向內部審計部主管舉報高級管理人員包括主席及行政總裁的欺詐及不當的行為；及
- 在「密函檢舉」機制下，內部審計部主管會調查所有欺詐及不當行為的舉報，並將密函作絕對機密處理以及在足夠理據支持下轉介該等密函予本公司之獨立非執行董事作進一步行動。

CHAIRMAN AND CHIEF EXECUTIVE

The code provision stipulates that the roles of chairman and chief executive should be separate and should not be performed by the same person. The Company does not have a separate Chairman and Chief Executive and Mr. Lau Kwok Kuen, Peter currently holds both positions. The Board believes that vesting the roles of both Chairman and Chief Executive in the same person provides the Group with strong and consistent leadership, allows for more effective planning and execution of long-term business strategies and enhances the efficiency of decision-making process in response to the changing environment. The Board also believes that the Company already has a strong corporate governance structure appropriate for its circumstances in place to ensure effective oversight of management. The main elements of this structure include:

- Having Independent Non-executive Directors comprising a majority of the Board;
- Having the Audit Committee composed exclusively of Independent Non-executive Directors;
- Having Independent Non-executive Directors and the independent Board Advisor comprising a majority of the Compensation Committee;
- Ensuring that Independent Non-executive Directors have free and direct access to both the Company's external and internal auditors and independent professional advice where necessary;
- Having a "whistle-blowing" mechanism in place to allow the Group's staff members to anonymously and confidentially report any suspected acts of fraud or gross misconduct by senior management, including that of the Chairman and Chief Executive, to the Head of Internal Audit; and
- Under the "whistle-blowing" mechanism, the Head of Internal Audit will investigate any reports of suspected acts of fraud or gross misconduct with the strictest confidence and refer the reports to the Company's Independent Non-executive Directors for further action should sufficient grounds exist for such referral.

董事會相信上述之設定和安排能確保獨立非執行董事繼續有效地提導本集團之管理層和監管有關策略、風險和誠信的重要決策。董事會將不斷檢討本集團企業管治架構的成效，用以評估是否需要作任何修改。

The Board believes that these measures will enable our Independent Non-executive Directors to continue rigorously supervising the Group's Management and to provide effective control of key issues relating to strategy, risk and integrity. The Board continually reviews the effectiveness of the Group's corporate governance structure to assess whether any changes are necessary.

審核委員會

AUDIT COMMITTEE

審核委員會由四名獨立非執行董事組成，並由畢滌凡先生出任主席；彼為一位在處理財務報表及監控方面具資深經驗的合資格會計師。審核委員會負責委任外聘核數師、審閱本集團之財務資料、監察本集團之財務報表系統和內部監控程序等事宜。該委員會在評核本集團中期及全年業績後才向董事會作出建議是否批准有關業績。審核委員會定期舉行會議，審閱財務報告及內部監控等事宜，並可不受限制地與本公司之外聘核數師及內部審計師接觸。審核委員會的職權範圍可供索取及已載於本公司之網站。

The Audit Committee comprises all of the four Independent Non-executive Directors and is chaired by Mr. Buttifant, a qualified accountant with extensive experience in financial reporting and controls. It is responsible for appointment of external auditors, review of the Group's financial information and oversight of the Group's financial reporting system and internal control procedures. It is also responsible for reviewing the interim and final results of the Group prior to recommending them to the Board for approval. It meets regularly to review financial reporting and internal control matters and to this end has unrestricted access to both the Company's external and internal auditors. Its terms of reference are available on request and also accessible on the Company's website.

於二零零五年，審核委員會共舉行了兩次會議，全體成員均有出席。於有關會議上，該委員會與外聘核數師審閱截至二零零四年十二月三十一日止全年業績和截至二零零五年六月三十日止六個月中期賬目；及檢討本集團內部審計部的工作，與有關業務運作的內部審計報告及其調查結果和建議。

In 2005, the Audit Committee held two meetings with full attendance. At the meetings, it reviewed the final results for the year ended December 31, 2004 and the interim accounts for the six months ended June 30, 2005 respectively with the external auditors; and also the activities of the Group's internal audit function and the internal audit report on business operations, its findings and recommendations.

審核委員會亦檢討本集團根據企業管治守則之要求而實行的企業管治措施之進度。

It also reviewed the Company's progress in implementing the corporate governance requirements as set out in the CG Code.

補償委員會

補償委員會由二名獨立非執行董事、一名獨立董事會顧問及主席組成，負責檢討及批准董事及高級管理人員之酬金及福利。於每次會議開始時，委員會成員會選出其中一名成員為會議主席。補償委員會的職權範圍可供索取及已載於本公司之網站。

於二零零五年，補償委員會舉行了兩次會議，檢討主席之服務合約事宜及確定公司按主席表現所發放的花紅。所有補償委員會成員(除主席外)均有出席該等會議；而主席為免涉及任何利益衝突則避席。

管理委員會

董事會已授權管理委員負責推行其商業策略及管理本集團的日常商業運作。管理委員會由三位執行董事所組成及對董事會負全責。

董事就財務報表所承擔之責任

董事負責監督每個財政期間會計賬目的編製，以確保該賬目能夠真實和公平地反映該期間本集團財政狀況、業績與現金流量。本公司會計賬目之編製均符合所有有關之法規及合適的會計準則。董事有責任確保選擇和連貫地應用合適之會計政策以及作出審慎和合理的判決及估計。

COMPENSATION COMMITTEE

The Compensation Committee, composed of two Independent Non-executive Directors, the Independent Board Advisor and the Chairman, is responsible for reviewing and determining the compensation and benefits of the directors and senior management. The committee members elect one of them to take the chair at the commencement of each meeting. Its terms of reference are available on request and also accessible on the Company's website.

In 2005, the Committee held two meetings to review the Chairman's service contract and to confirm the Chairman's performance bonus. All the members of the Compensation Committee attended the meetings except the Chairman who absented himself to avoid any conflict of interests.

MANAGEMENT COMMITTEE

The Board has delegated the authority and responsibility for implementing its business strategies and managing the daily operations of the Group's businesses to a Management Committee. The Management Committee comprises the three Executive Directors and is fully accountable to the Board.

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The Directors are responsible for overseeing the preparation of accounts for each financial period with a view to ensuring such accounts give a true and fair view of the state of affairs of the Group and of the results and cash flow for that period. The Company's accounts are prepared in accordance with all relevant statutory requirements and applicable accounting standards. The Directors are responsible for ensuring that appropriate accounting policies are selected and applied consistently; and that judgments and estimates made are prudent and reasonable.

內部監控

董事會全權負責維持本集團健全和有效的內部監控系統，包括界定管理架構及其相關的權限以協助集團達至商業指標、保管資產以防未經授權之使用或處理、確定適當的會計紀錄得以保存並可提供可靠的財務資料供內部使用或對外發放，並確保符合相關法例與規則。上述監控系統旨在合理地(但並非絕對地)保證並無重大失實陳述或損失，並管理(但並非完全消除)本集團營運系統的失誤及未能達標的風險。

內部審計部在本集團的內部監控事宜上擔當重要角色。該部門直接向董事會主席匯報，同時可不受限制地檢討本集團各方面的事務及內部監控事宜，並就管理層或審核委員會關注的範疇進行特別審核。審核委員會可與內部審計部主管直接和自由地接觸而毋須知會主席或管理層。

INTERNAL CONTROL

The Board has overall responsibilities for maintaining a sound and effective internal control system of the Group. The Group's system of internal control includes a defined management structure with limits of authority, and is designed to help the Group achieve its business objectives, safeguard its assets against unauthorized use or disposition, ensure the maintenance of proper accounting records for the provision of reliable financial information for internal use or for publication, and ensure compliance with relevant laws and regulations. The system is designed to provide reasonable, but not absolute, assurance against material misstatement or loss, and to manage rather than eliminate risks of failure in the Group's operational systems and in the achievement of the Group's business objectives.

The Internal Audit Department plays a major role in monitoring the internal control of the Group and reports directly to the Chairman. It has unrestricted access to review all aspects of the Group's activities and internal controls. It also conducts special audits of areas of concern identified by Management or the Audit Committee. The Audit Committee has free and direct access to the Head of the Internal Audit Department without reference to the Chairman or Management.

核數師之酬金

本集團付予與法定審核有關工作的核數師酬金為港幣三百萬元(二零零四年：港幣三百萬元)，其中港幣二百萬元是付予本集團主要核數師羅兵咸永道會計師事務所的核數師酬金。

本集團就主要核數師羅兵咸永道會計師事務所和其關連機構所提供的服務支付費用如下：

AUDITORS' REMUNERATION

Total auditors' remuneration in relation to statutory audit work of the Group amounted to HK$3 million (2004: HK$3 million), of which a sum of HK$2 million was paid to the Group's principal auditor, PricewaterhouseCoopers.

The remuneration paid to the Group's principal auditor, PricewaterhouseCoopers, and its affiliated firms, for services rendered is broken down below:

(以港幣百萬元為單位)	*(In HK$ millions)*	**2005**	2004
法定審核	Statutory audit	**2**	2
非審核服務	Non-audit services	**–**	1
總數	Total	**2**	3

證券交易的標準守則

有關董事進行之證券交易，本公司已採納了一套與上市規則之規定同樣嚴格之董事進行證券交易的行為守則。經具體查詢後，每位董事均確認於本年度內已遵守本公司證券交易的行為守則。

本公司亦已採納了一套對擁有及得悉影響股價之敏感資料的員工進行證券交易的行為守則。

社會責任

本集團致力成為成功及負責任之企業公民。因此，我們除了竭力為我們的顧客提供優質的產品及服務，及為我們的股東提交持續優良的業績外，我們亦致力替我們營業的社區營造一個正面的影響。為了達成此目標，本集團積極支持各慈善機構及其活動；確保為我們生產製成品的勞工得到公平的對待及尊重；以及任何時候透過為環境設想的方式達成我們的目標。

與投資者及股東之關係

本集團之高級管理人員透過多樣化的方式如路演、個別訪問及會議與投資者、分析員、基金經理及傳媒保持緊密之溝通。本集團亦對投資者索取資料之要求和提問作出回應。

董事會亦歡迎股東對影響本集團的事項提出意見，並鼓勵他們出席股東大會，藉以直接地向董事會或管理層反映他們關注的事項。

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted a code of conduct governing securities transactions by directors on terms no less exacting than that required by the Listing Rules. Following a specific enquiry, each of the Directors confirmed that he complied with the code of conduct for transactions in the Company's securities throughout the year.

The Company has also adopted a code of conduct governing securities transactions by employees who may possess or have access to price sensitive information.

SOCIAL RESPONSIBILITY

The Group is committed to being a successful and responsible corporate citizen. As such, we are committed not only to delivering quality products and service to our customers and strong and sustained financial performance to our shareholders. We are also committed to creating a positive impact in the communities where we conduct business. We aim to achieve this by, amongst others, supporting charitable organizations and causes; by ensuring that the workers producing our products are treated with fairness and respect; and at all times achieving our goals through environmentally friendly means.

INVESTOR AND SHAREHOLDER RELATIONS

The Group's senior management maintains close communications with investors, analysts, fund managers and the media by various channels including roadshows, individual interviews and meetings. The Group also responds to requests for information and queries from the investors.

The Board also welcomes the views of shareholders on matters affecting the Group and encourages them to attend shareholders' meetings to communicate any concerns they might have with the Board or Management directly.

董事會同寅茲向全體股東提呈本公司及本集團截至二零零五年十二月三十一日止年度之董事會報告書及經審核財務報表。

The directors have pleasure in submitting their report together with the audited financial statements of the Company and of the Group for the year ended December 31, 2005.

主 要 業 務

本公司為一投資控股公司。本集團之主要業務為經營零售及分銷*Giordano*、*Giordano Ladies*、*Giordano Junior*及*Bluestar Exchange*等品牌之便服及配襯用品。該等品牌提供由基本至流行時尚優質且物有所值之服裝。本集團亦經營成衣貿易及製造業務，供應本集團零售業務需求，並向本集團以外之人士供應製成品。

PRINCIPAL ACTIVITIES

The Company is an investment holding company. The principal business of the Group is the retail and distribution of casual apparel and accessories under *Giordano*, *Giordano Ladies*, *Giordano Junior* and *Bluestar Exchange* brands. These brands offer basic to modern fashionable apparel of quality and value. The Group also carries on garment trading and manufacturing operation, supporting the Group's retail business and supplying products to third parties.

分 部 資 料

本集團截至二零零五年十二月三十一日止年度按照主要業務及營運地區之表現分析載於財務報表附註五。

SEGMENT INFORMATION

An analysis of the Group's performance by principal activities and geographical locations of operations for the year ended December 31, 2005 is set out in note 5 to the financial statements.

業 績

本集團截至二零零五年十二月三十一日止年度之業績及本公司與本集團於該日之財政狀況俱載於第四十九頁至第一百一十三頁之財務報表內。

RESULTS

The results of the Group for the year ended December 31, 2005 and the state of affairs of the Company and of the Group as at that date are set out in the financial statements on pages 49 to 113.

股 息

中期股息每股港幣四點五仙及特別中期股息每股港幣二仙已於二零零五年九月十五日派發。

董事會向股東建議派發截至二零零五年十二月三十一日止年度末期股息每股港幣五仙及特別末期股息每股港幣一角五仙予於二零零六年五月九日名列本公司股東名冊上之股東。

DIVIDENDS

An interim dividend of 4.5 HK cents per share and a special interim dividend of 2.0 HK cents per share were paid on September 15, 2005.

The directors recommend to shareholders the payment of a final dividend of 5.0 HK cents per share and a special final dividend of 15.0 HK cents per share for the year ended December 31, 2005 to those shareholders whose names appear on the register of members of the Company on May 9, 2006.

儲 備

本年度內，儲備之變動情況載於第五十四頁至第五十六頁之權益變動表。

RESERVES

Movements in reserves during the year are set out in the Statements of Changes in Equity on pages 54 to 56.

可 供 分 派 儲 備

於二零零五年十二月三十一日，本公司之可供分派滾存溢利及繳入盈餘為港幣十三億一千六百萬元（二零零四年：港幣十三億六千九百萬元）。

DISTRIBUTABLE RESERVES

As at December 31, 2005, the retained profits of the Company together with the contributed surplus available for distribution amounted to HK$1,316 million (2004: HK$1,369 million).

慈善捐款

本集團於本年度內之慈善捐款為港幣一百五十萬元（二零零四年：港幣一百五十萬元）。

CHARITABLE DONATIONS

Donations made for charitable purposes by the Group during the year amounted to HK$1.5 million (2004: HK$1.5 million).

固定資產

本年度內，集團共添置約港幣一億二千萬元之固定資產。本年度固定資產變動情況載於財務報表附註十四、十五及十九。

FIXED ASSETS

During the year, the Group acquired fixed assets of approximately HK$120 million. Movements in fixed assets during the year are set out in notes 14, 15 and 19 to the financial statements.

主要附屬公司

本公司於二零零五年十二月三十一日主要附屬公司詳情載於財務報表附註三十二。

PRINCIPAL SUBSIDIARIES

Particulars of the Company's principal subsidiaries as at December 31, 2005 are set out in note 32 to the financial statements.

銀行貸款及透支

於二零零五年十二月三十一日，本集團須即付或於一年內償還之銀行貸款及透支約港幣七千六百萬元。

BANK LOANS AND OVERDRAFTS

As at December 31, 2005, the Group's bank loans and overdrafts of approximately HK$76 million were repayable on demand or within one year.

主要供應商及客戶

本集團首五大供應商及客戶所佔的購買及銷售總額均低於百分之三十。

MAJOR SUPPLIERS AND CUSTOMERS

The aggregate percentages of purchases and sales attributable to the Group's five largest suppliers and customers respectively are less than 30 percent.

十年財務資料

本集團過去十個財政年度之業績、資產及負債摘要載於第二頁及第三頁。

TEN-YEAR FINANCIAL INFORMATION

A summary of the results, assets and liabilities of the Group for the last ten fiscal years is set out on pages 2 and 3.

股本

本公司之股本於本年度內之變動詳載於財務報表附註二十二。

SHARE CAPITAL

Details of the movements in share capital of the Company during the year are shown in note 22 to the financial statements.

購股權資料

購股權計劃之摘要及本公司購股權於本年度內變動詳情載於第一百一十四頁至第一百一十九頁。

SHARE OPTION INFORMATION

A summary of the share option scheme and details of the movement in share options of the Company during the year are set out on pages 114 to 119.

股份優先購買權

本公司之細則中並無股份優先購買權之規定，惟百慕達法例則無限制此等權利。

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Company's Bye-Laws although there are no restrictions against such rights under the laws of Bermuda.

購買、出售或贖回本公司之上市證券

本公司在本年度內並無贖回其股份。年內，本公司及其任何附屬公司亦無購買或出售任何本公司之股份。

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

The Company has not redeemed any of its shares during the year. Neither the Company nor any of its subsidiaries has purchased or sold any of the Company's shares during the year.

董事會

於本年度內及截至本報告書之日期止，本公司之董事為：

劉國權先生
歐文柱先生*
畢滌凡先生*
馮永昌先生
鄺其志先生，GBS，JP*
李鵬飛博士，JP*
馬灼安先生

* *獨立非執行董事*

根據本公司細則第九十八條，馬灼安先生及李鵬飛博士於即將舉行之股東週年大會上輪值告退，惟彼等均合資格膺選連任。

於本報告日，本公司董事之個人資料詳載於本年報第七頁至第十頁。有關將退任並獲推薦重選之董事的進一步資料詳載於本年報第一百三十四頁至第一百三十六頁。

DIRECTORS

The directors of the Company during the year and up to the date of this report are:

Mr. LAU Kwok Kuen, Peter
Mr. AU Man Chu, Milton*
Mr. Barry John BUTTIFANT*
Mr. FUNG Wing Cheong, Charles
Mr. KWONG Ki Chi, GBS, JP*
Dr. LEE Peng Fei, Allen, JP*
Mr. MAH Chuck On, Bernard

* *Independent non-executive directors*

In accordance with Bye-Law 98 of the Company's Bye-Laws, Mr. Mah Chuck On, Bernard and Dr. Lee Peng Fei, Allen will retire by rotation at the forthcoming annual general meeting and, being eligible, offer themselves for re-election.

Biographical details of the directors of the Company as at the date of this report are set out on pages 7 to 10 of this annual report. Further information of the retiring directors proposed to be re-elected are set out on pages 134 to 136 of this annual report.

董事服務合約

擬於即將召開之股東週年大會上膺選連任之董事，概無與本公司或其附屬公司訂立本集團不可於一年內毋須賠償（法定補償除外）而終止之服務合約。

DIRECTORS' SERVICE CONTRACT

The directors being proposed for re-election at the forthcoming annual general meeting do not have any service contract with the Company or its subsidiaries which is not determinable by the Group within one year without payment of compensation, other than statutory compensation.

董事享有權益之合約

本公司或其任何附屬公司概無參與訂立於年內或年終任何時間使本公司任何董事擁有不論直接或間接之重大權益之合約。

DIRECTORS' INTERESTS IN CONTRACTS

None of the directors had a material interest, whether directly or indirectly, in any contract of significance subsisting during or at the end of the year to which the Company or any of its subsidiaries was a party.

董事之證券權益

於二零零五年十二月三十一日，本公司董事及行政總裁在本公司或其相關法團（定義見證券及期貨條例第XV部）的股份、相關股份及債權證中擁有根據該條例第三百五十二條須予備存的登記冊所載或根據香港聯合交易所有限公司（「聯交所」）之上市公司董事進行證券交易的標準守則（「標準守則」）須知會本公司和聯交所任何權益或淡倉如下：

DIRECTORS' INTERESTS IN SECURITIES

As at December 31, 2005, the interests or short positions of the directors and chief executive of the Company in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")), as recorded in the register required to be kept under section 352 of the SFO; or as notified to the Company and The Stock Exchange of Hong Kong Limited ("Stock Exchange") pursuant to the Model Code for Securities Transactions by Directors of Listed Companies ("Model Code"), were as follows:

董事姓名 **Name of director**	權益性質 **Nature of interest**	股份實益權益 *（附註）* **Beneficial interest in shares** *(Note)*	非上市之相關股份實益權益 *（附註）* **Beneficial interest in unlisted underlying shares** *(Note)*	總權益百分率概約 **Approximate aggregate percentage of interests**
劉國權 LAU Kwok Kuen, Peter	個人 Personal	22,708,000	–	1.52%
馮永昌 FUNG Wing Cheong, Charles	個人 Personal	1,122,000	5,000,000	0.41%
馬灼安 MAH Chuck On, Bernard	個人 Personal	1,619,086	5,000,000	0.44%

附註：

擁有之股份及股本衍生工具之相關股份權益均為好倉。非上市之股本衍生工具之相關股份乃按本公司採納之購股權計劃而授予董事之購股權；有關資料載列於第一百一十七頁。

Note:

Interests in the shares and underlying shares of equity derivatives were long position. Underlying unlisted shares are share options granted to the directors pursuant to the share option scheme(s) of the Company and details of which are set out on page 117.

除上述披露外，於二零零五年十二月三十一日，本公司董事及行政總裁概無在本公司或其相關法團（定義見證券及期貨條例第XV部）的股份、相關股份或債權證中擁有或被視作擁有根據該條例第三百五十二條須予備存的登記冊所載或根據「標準守則」須知會本公司和聯交所之任何權益或淡倉。此外，除上述披露外，本公司或其任何附屬公司於截至二零零五年十二月三十一日止整年內概無訂立任何安排，令本公司董事或彼等之配偶或未滿十八歲之子女可藉購入本公司或其他法團之股份或債權證而獲益。

Save as disclosed above, as at December 31, 2005, none of the directors and chief executive of the Company had or was deemed to have any interests or short position in the shares, underlying shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO), as recorded in the register required to be kept under section 352 of the SFO; or as notified to the Company and the Stock Exchange pursuant to the Model Code. Furthermore, save as disclosed above, at no time during the year ended December 31, 2005 was the Company or any of its subsidiaries a party to any arrangements to enable the directors of the Company or any of their spouses or children under the age of 18 to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

主要股東

於二零零五年十二月三十一日，根據證券及期貨條例第三百三十六條記錄於本公司存置之登記冊，下列人士(除本公司董事及行政總裁外)擁有本公司之股份或相關股份之權益或淡倉百分之五或以上：

SUBSTANTIAL SHAREHOLDERS

As at December 31, 2005, the following persons, other than directors and chief executive of the Company, having interests or short positions of 5 percent or more in the Company's shares or underlying shares were recorded in the register kept by the Company pursuant to section 336 of the SFO:

名稱 **Name**	附註 *Note*	好倉股份及相關股份總數 **Aggregate long position in shares and underlying shares**	總權益百分率概約 **Approximate aggregate percentage of interests**
JPMorgan Chase & Co.	1	252,969,582	16.98%
Aberdeen Asset Management Plc and its associates	2	225,401,000	15.13%
Harris Associates L.P.	3	150,277,800	10.09%
Matthews International Capital Management, LLC	4	134,937,000	9.06%

附註:

1. JPMorgan Chase & Co. 所持有二億五千二百九十六萬九千五百八十二股股份之身份分別包括七萬二千股為實益擁有人、一億二千二百五十六萬五千六百九十三股為投資經理及一億三千零三十三萬一千八百八十九股為法團保管人持有之可供借出的股份。

   由JPMorgan Chase & Co. 所持有之二億五千二百九十六萬九千五百八十二股股份之資料如下：

Notes:

1. The capacities of JPMorgan Chase & Co. in holding the 252,969,582 shares were, as to 72,000 shares as Beneficial Owner, as to 122,565,693 shares as Investment Manager and as to 130,331,889 shares in the Lending Pool as Custodian Corporation.

   Details of the breakdown of the 252,969,582 shares interested by JPMorgan Chase & Co. were as follows:

名稱 **Name**	附註 *Note*	好倉股份總數 **Aggregate long position in shares**	總權益百分率概約 **Approximate aggregate percentage of interests**
JPMorgan Chase Bank, N.A.	i	131,289,889	8.81%
JPMorgan Asset Management Holdings Inc.	ii	121,679,693	8.17%

附註:

i. JPMorgan Chase Bank, N.A.乃JPMorgan Chase & Co.之全資附屬公司，彼持有一億三千一百二十八萬九千八百八十九股股份，當中包括：

(a) 一億三千一百二十一萬七千八百八十九股直接權益；及

(b) 由彼間接擁有之全資附屬公司J.P. Morgan Whitefriars Inc.所持有之七萬二千股被視作彼擁有之權益。J.P. Morgan Whitefriars Inc.依序乃由J.P. Morgan Overseas Capital Corporation、J.P. Morgan International Finance Limited、Bank One International Holdings Corporation、J.P. Morgan International Inc. 及 JPMorgan Chase Bank, N.A. 全資擁有。

ii. JPMorgan Asset Management Holdings Inc. 乃JPMorgan Chase & Co.之全資附屬公司，彼被視作擁有一億二千一百六十七萬九千六百九十三股股份，當中包括：

(a) 由彼之全資附屬公司JPMorgan Asset Management (Asia) Inc. 持有之一億二千零四萬六千股股份被視為彼之權益。此等權益包括：(aa) 由JPMorgan Asset Management (Asia) Inc. 之全資附屬公司JF International Management Inc. 直接持有之一百七十萬六千股股份; (bb) 由JPMorgan Asset Management (Asia) Inc. 之全資附屬公司JF Asset Management Limited 直接持有之一億零八百七十八萬股股份；及(cc) 由 JF Asset Management (Taiwan) Limited 直接持有之九百五十六萬股股份。JF Asset Management (Taiwan) Limited由JF Funds Limited 持有百分之九十九點九的控股權益。JF Funds Limited 依序乃由 JF Asset Management Limited 及 JPMorgan Asset Management (Asia) Inc. 全資擁有。

Notes:

i. JPMorgan Chase Bank, N.A. was wholly-owned by JPMorgan Chase & Co.. The 131,289,889 shares held by JPMorgan Chase Bank, N.A. included:

(a) direct interests in 131,217,889 shares; and

(b) deemed interests in 72,000 shares held by its indirect wholly-owned subsidiary, J.P. Morgan Whitefriars Inc., which was a subsidiary wholly-owned in turn by J.P. Morgan Overseas Capital Corporation, J.P. Morgan International Finance Limited, Bank One International Holdings Corporation, J.P. Morgan International Inc. and JPMorgan Chase Bank, N.A. respectively.

ii. JPMorgan Asset Management Holdings Inc. was wholly-owned by JPMorgan Chase & Co.. The 121,679,693 shares, which were deemed to be held by JPMorgan Asset Management Holdings Inc., included:

(a) deemed interests in 120,046,000 shares held by JPMorgan Asset Management (Asia) Inc., which was a wholly-owned subsidiary of JPMorgan Asset Management Holdings Inc.. Of the 120,046,000 shares, (aa) 1,706,000 shares were directly held by JF International Management Inc., which was wholly-owned by JPMorgan Asset Management (Asia) Inc.; (bb) 108,780,000 shares were directly held by JF Asset Management Limited, which was a wholly-owned subsidiary of JPMorgan Asset Management (Asia) Inc.; and (cc) 9,560,000 shares were directly held by JF Asset Management (Taiwan) Limited, in which JF Funds Limited held 99.9 percent controlling interests. JF Funds Limited was a subsidiary wholly-owned in turn by JF Asset Management Limited and JPMorgan Asset Management (Asia) Inc. respectively;

(b) 由彼之全資擁有的J.P. Morgan Investment Management Inc. 持有的二萬九千六百九十三股股份。

(c) 由JPMorgan Asset Management (Canada) Inc. 持有的一百六十萬四千股股份；該公司由JPMorgan Asset Management Holdings Inc. 全資擁有。

(b) deemed interests in 29,693 shares held by its wholly-owned subsidiary, J.P. Morgan Investment Management Inc.; and

(c) deemed interests in 1,604,000 shares held by JPMorgan Asset Management (Canada) Inc., which was a wholly-owned subsidiary of JPMorgan Asset Management Holdings Inc..

2. Aberdeen Asset Management Plc 及其聯繫人以投資經理身份持有二億二千五百四十萬一千股股份。

由Aberdeen Asset Management Plc及其多間全資附屬公司（統稱「Aberdeen 集團」）代表Aberdeen集團所管理的賬戶持有下列股份：

2. Aberdeen Asset Management Plc and its associates held 225,401,000 shares in the capacity of Investment Manager.

Aberdeen Asset Management Plc and its various wholly-owned subsidiaries (together "the Aberdeen Group") on behalf of the accounts managed by the Aberdeen Group held the shares as follows:

附屬公司名稱 **Name of subsidiary**	好倉股份總數 **Aggregate long position in shares**
Aberdeen International Management Ireland Limited	61,480,000
Aberdeen Asset Management Asia Limited	205,773,000
Aberdeen Asset Managers Limited	82,252,000
Aberdeen International Fund Managers Limited	51,218,000
Aberdeen Unit Trust Managers Limited	28,642,000
Aberdeen Asset Management Inc	2,634,000
Aberdeen Asset Management Limited	1,360,000
Edinburgh Fund Management Limited	14,000,000
Aberdeen Fund Management Limited (formerly known as "Deutsche Asset Management (Ireland) Limited")	15,078,000

3. Harris Associates L.P. 以投資經理身份持有一億五千零二十七萬七千八百股股份。

3. Harris Associates L.P. held 150,277,800 shares in the capacity of Investment Manager.

4. Matthews International Capital Management, LLC 以投資經理身份持有一億三千四百九十三萬七千股股份。

4. Matthews International Capital Management, LLC held 134,937,000 shares in the capacity of Investment Manager.

管理合約

本年度內，本公司並無訂立或進行任何與本公司全部或重要業務有關之管理及行政合約。

MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the year.

關連交易

本集團於本年度內與Placita Holdings Limited(「Placita」)及其屬下之附屬公司(以下簡稱「Placita集團」)有業務往來。Placita為本公司之非全資附屬公司，分別由本公司及Gloss Mind Holdings Limited(「Gloss Mind」)各自擁有百分之五十一及百分之四十九之權益。Gloss Mind為張國良先生(「張先生」)全資擁有之公司，而張先生同時亦是本公司若干非全資附屬公司(包括Placita在內)之董事。根據聯交所證券上市規則(「上市規則」)，Placita因此被視為本公司之關連人士。Placita集團從事製造及買賣成衣及配襯用品之業務。本集團向Placita集團採購貨品之交易(「交易」)按上市規則被視為持續關連交易。

CONNECTED TRANSACTION

During the year, the Group has conducted business with Placita Holdings Limited ("Placita") and its subsidiaries (collectively "Placita Group"). Placita is a non wholly-owned subsidiary of the Company and owned as to 51 percent by the Company and 49 percent by Gloss Mind Holdings Limited ("Gloss Mind"). Gloss Mind is wholly-owned by Mr. Cheung Kwok Leung ("Mr. Cheung"), a director of certain non wholly-owned subsidiaries of the Company including Placita. Placita is, as a result, deemed to be a connected person of the Company under the Rules Governing the Listing of Securities on the Stock Exchange ("Listing Rules"). The Placita Group carries on the business of manufacturing and trading of clothing and accessories and the purchases of merchandize ("Transactions") by the Group from Placita Group were classified as continuing connected transactions.

本集團於二零零五年財政年度內與Placita集團進行之交易總值約達港幣二億六千五百萬元。

The purchases of merchandize from the Placita Group during the financial year 2005 totaled approximately HK$265 million.

在二零零四年三月二十九日本公司舉行之股東特別大會上，本公司之獨立股東經已批准此等交易以及本公司須就此等交易向聯交所申請有關之豁免。在二零零四年三月三十日，聯交所已豁免本公司截至二零零六年十二月三十一日止三個財政年度內嚴格遵守上市規則第十四章(指於二零零四年三月三十一日前沿用之規則)就有關交易之披露及批准規定，惟須受若干條件限制。

At a special general meeting held on March 29, 2004, shareholders of the Company independent of the Transactions approved the Transactions together with the relevant waiver application to the Stock Exchange. On March 30, 2004, the Stock Exchange granted the Company a waiver from strict compliance with the disclosure and approval requirements under Chapter 14 of the Listing Rules in force prior to March 31, 2004 for a period of three financial years ending December 31, 2006 subject to certain conditions.

根據此等條件，獨立非執行董事已審閱在本年度內之此等交易，並確認此等交易已 (i) 在本公司之一般及日常業務運作中進行；(ii) 按正常商業條款進行（條款將參考適用於類似公司進行性質類似之交易），或如沒有可獲得的相類交易可作比較下，對股東整體而言屬公平合理之條款進行；及 (iii) 按規管此等交易之協議或訂貨合約或其他補充協議之條款進行。獨立非執行董事並確認此等交易之總金額沒有超逾聯交所所授出之豁免中所規定的港幣三億三千萬元之金額上限。

In accordance with these conditions, the independent non-executive directors have reviewed the Transactions during the year and confirmed that they have been (i) entered into by the Group in the ordinary and usual course of business; (ii) conducted either on normal commercial terms (which expression will be applied by reference to transaction of a similar nature and to be made by similar entities) or, where there are no available comparables, on terms that are fair and reasonable as far as the Shareholders as a whole are concerned; and (iii) entered into in accordance with the terms of the agreements or order contracts or other supplemental agreements governing such Transactions. The independent non-executive directors have also confirmed that the Transactions have not exceeded the relevant maximum amount of HK$330 million capped in accordance to the wavier previously granted by the Stock Exchange.

本公司之核數師已向董事會匯報在本年度內之此等交易：(i) 已獲本公司董事會通過；(ii) 已按規管此等交易之協議或其他訂貨合約之條款進行；及 (iii) 沒有超逾港幣三億三千萬元之金額上限。

The Auditors of the Company have reported to the directors that during the year (i) the Transactions have received the approval of the Board; (ii) the Transactions have been entered into in accordance with the terms of the agreements or other order contracts governing such Transactions; and (iii) the cap amount of HK$330 million has not been exceeded.

公 眾 持 股 量

於本報告日，根據本公司可以得悉之公開資料及本公司董事亦知悉之情況下，本公司已按上市條例之要求，維持足夠公眾持股量。

PUBLIC FLOAT

As at the date of this report, the Company has maintained the prescribed public float required under the Listing Rules, based on the information that is publicly available to the Company and within the knowledge of the directors.

核 數 師

羅兵咸永道會計師事務所將退任，惟願膺選連任，而重聘彼等之有關決議案於即將舉行之股東週年大會上提呈。

AUDITORS

PricewaterhouseCoopers shall retire and being eligible, offer themselves for re-appointment, and a resolution to this effect will be proposed at the forthcoming annual general meeting.

承董事會命
劉國權
主席

香港，二零零六年三月二十一日

On behalf of the Board
LAU Kwok Kuen, Peter
Chairman

Hong Kong, March 21, 2006

PRICEWATERHOUSECOOPERS

羅兵咸永道會計師事務所

致 佐 丹 奴 國 際 有 限 公 司
(於百慕達註冊成立之有限公司)
全 體 股 東

TO THE SHAREHOLDERS OF
GIORDANO INTERNATIONAL LIMITED
(incorporated in Bermuda with limited liability)

本核數師已完成審核第四十九至第一百一十三頁之財務報表，該等財務報表乃按照香港普遍採納之會計原則編製。

We have audited the financial statements on pages 49 to 113 which have been prepared in accordance with accounting principles generally accepted in Hong Kong.

董事及核數師各自之責任

公司董事有責任編製真實兼公平之財務報表。在編製該等真實兼公平之財務報表時，董事必須採用適當之會計政策，並且貫徹應用該等會計政策。

本核數師之責任是根據審核之結果，對該等財務報表作出獨立意見，並按照百慕達一九八一年《公司法》第九十條僅向整體股東報告，除此之外本報告別無其他目的。本核數師不會就本報告的內容向任何其他人士負上或承擔任何責任。

Respective responsibilities of directors and auditors

The Company's directors are responsible for the preparation of financial statements which give a true and fair view. In preparing financial statements which give a true and fair view it is fundamental that appropriate accounting policies are selected and applied consistently.

It is our responsibility to form an independent opinion, based on our audit, on those financial statements and to report our opinion solely to you, as a body, in accordance with Section 90 of the Companies Act 1981 of Bermuda, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

意見之基礎

本核數師已按照香港會計師公會所頒佈之香港審計準則進行審核工作。審核範圍包括以抽查方式查核與財務報表所載數額及披露事項有關之憑證，亦包括評審董事於編製財務報表時所作之重大估計和判斷，所採用之會計政策是否適合 貴公司與 貴集團之具體情況，及有否貫徹應用並足夠披露該等會計政策。

Basis of opinion

We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the circumstances of the Company and the Group, consistently applied and adequately disclosed.

本核數師在策劃和進行審核工作時，均以取得所有本核數師認為必需之資料及解釋為目標，以便獲得充分憑證，就該等財務報表是否存有重大錯誤陳述，作出合理之確定。在作出意見時，本核數師亦已評估該等財務報表所載之資料在整體上是否足夠。本核數師相信我們之審核工作已為下列意見提供合理之基礎。

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance as to whether the financial statements are free from material misstatement. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements. We believe that our audit provides a reasonable basis for our opinion.

意見

本核數師認為，上述之財務報表足以真實兼公平地顯示　貴公司與　貴集團於二零零五年十二月三十一日結算時之財務狀況，及　貴集團截至該日止年度之盈利及現金流量，並按照香港公司條例之披露規定妥為編製。

Opinion

In our opinion the financial statements give a true and fair view of the state of affairs of the Company and of the Group as at December 31, 2005 and of the Group's profit and cash flows for the year then ended and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

羅兵咸永道會計師事務所
執業會計師

香港，二零零六年三月二十一日

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, March 21, 2006

截至二零零五年十二月三十一日止年度
For the year ended December 31, 2005

(除每股盈利外，以港幣百萬元為單位)	*(In HK$ millions except earnings per share)*	附註 Note	**2005**	(重列) (Restated) 2004
營業額	Turnover	5	**4,413**	4,003
銷售成本	Cost of sales		**(2,170)**	(1,968)
毛利	Gross profit		**2,243**	2,035
其他收益	Other revenue	5	**100**	90
分銷費用	Distribution expense		**(1,349)**	(1,194)
行政費用	Administrative expense		**(167)**	(172)
其他經營費用	Other operating expense		**(309)**	(268)
經營溢利	Operating profit	5, 6	**518**	491
融資費用	Finance expense	7	**(1)**	–
應佔共同控制公司溢利	Share of profit of jointly controlled companies	17	**20**	23
應佔一聯營公司溢利	Share of profit of an associate	18	**11**	10
除稅前溢利	Profit before taxation		**548**	524
稅項	Taxation	10	**(117)**	(106)
除稅後溢利	Profit after taxation		**431**	418
應佔溢利：	Profit attributable to:			
本公司股東	Shareholders of the Company	11	**406**	387
少數股東	Minority interests		**25**	31
			431	418
股息	Dividends	12	**395**	334
每股盈利	Earnings per share	13		
基本	Basic		**27.5¢**	26.7¢
攤薄	Diluted		**27.4¢**	26.4¢

二零零五年十二月三十一日
December 31, 2005

(以港幣百萬元為單位)	(In HK$ millions)	附註 Note	集團 Group 2005	集團 Group 2004 (重列) (Restated)	公司 Company 2005	公司 Company 2004 (重列) (Restated)
資產	**ASSETS**					
非流動資產	**Non-current assets**					
物業、機器及設備	Property, plant and equipment	14	**256**	346	**10**	10
投資物業	Investment property	15	**88**	–	**–**	–
附屬公司權益	Interest in subsidiaries	16	**–**	–	**898**	898
共同控制公司權益	Interest in jointly controlled companies	17	**316**	287	**–**	–
一聯營公司權益	Interest in an associate	18	**30**	25	**–**	–
租賃土地及租金預付款項	Leasehold land and rental prepayments	19	**313**	329	**166**	171
租賃按金	Rental deposits		**251**	256	**–**	–
遞延税項資產	Deferred tax assets	24	**24**	18	**–**	–
			1,278	1,261	**1,074**	1,079
流動資產	**Current assets**					
存貨	Inventories	20	**369**	331	**–**	–
租賃土地及租金預付款項	Leasehold land and rental prepayments	19	**13**	13	**5**	5
應收賬款及其他應收款	Trade and other receivables	21	**407**	360	**3**	1
應收附屬公司款項	Amounts due from subsidiaries	16	**–**	–	**980**	1,020
現金及銀行結存	Cash and bank balances	28	**903**	752	**1**	1
			1,692	1,456	**989**	1,027
總資產	**Total assets**		**2,970**	2,717	**2,063**	2,106

二零零五年十二月三十一日
December 31, 2005

(以港幣百萬元為單位)	(In HK$ millions)	附註 Note	集團 Group 2005	集團 Group 2004 (重列) (Restated)	公司 Company 2005	公司 Company 2004 (重列) (Restated)
權益及負債	**EQUITY AND LIABILITIES**					
股本及儲備	**Capital and reserves**					
股本	Share capital	22	**74**	73	**74**	73
儲備	Reserves	23	**1,750**	1,627	**1,633**	1,614
擬派股息	Proposed dividends	12	**298**	254	**298**	254
本公司股東應佔權益	Equity attributable to shareholders of the Company		**2,122**	1,954	**2,005**	1,941
少數股東權益	Minority interests		**93**	79	**–**	–
總權益	**Total equity**		**2,215**	2,033	**2,005**	1,941
非流動負債	**Non-current liabilities**					
遞延税項負債	Deferred tax liabilities	24	**92**	89	**–**	–
流動負債	**Current liabilities**					
應付賬款及其他應付款	Trade and other payables	25	**515**	474	**2**	2
應付附屬公司款項	Amounts due to subsidiaries	16	**–**	–	**–**	100
銀行貸款及透支	Bank loans and overdrafts	28	**76**	63	**56**	63
税項	Taxation	10	**72**	58	**–**	–
			663	595	**58**	165
總負債	**Total liabilities**		**755**	684	**58**	165
總權益及負債	**Total equity and liabilities**		**2,970**	2,717	**2,063**	2,106

劉國權
LAU Kwok Kuen, Peter
董事
Director

馬灼安
MAH Chuck On, Bernard
董事
Director

綜合現金流量表
CONSOLIDATED CASH FLOW STATEMENT

截至二零零五年十二月三十一日止年度
For the year ended December 31, 2005

(以港幣百萬元為單位)	*(In HK$ millions)*	附註 Note	**2005**	(重列) (Restated) 2004
經營業務：	**Operating activities:**			
除税前溢利	Profit before taxation		**548**	524
調整：	**Adjustments for:**			
應佔共同控制公司溢利	Share of profit of jointly controlled companies	17	**(20)**	(23)
應佔一聯營公司溢利	Share of profit of an associate	18	**(11)**	(10)
租賃土地及租金預付款項攤銷	Amortization of leasehold land and rental prepayments	19	**13**	14
利息收入	Interest income	5	**(15)**	(8)
折舊	Depreciation	6	**115**	103
出售物業、機器及設備之淨虧損	Net loss on disposal of property, plant and equipment	6	**2**	5
銀行貸款利息	Interest on bank loans	7	**1**	–
購股權費用	Share option expense		**4**	6
營運資金變動前之經營溢利	Operating profit before changes in working capital		**637**	611
存貨之增加	Increase in inventories		**(38)**	(109)
應收賬款及其他應收款之增加	Increase in trade and other receivables		**(45)**	(67)
應付賬款及其他應付款之增加/(減少)	Increase/(decrease) in trade and other payables		**41**	(15)
經營活動所產生之現金	Cash generated from operations		**595**	420
已付利息	Interest paid		**(1)**	–
已付香港利得税	Hong Kong profits tax paid		**(54)**	(27)
已付海外税項	Overseas tax paid		**(51)**	(66)
經營業務之現金流入淨額	**Net cash inflow from operating activities**		**489**	327

截至二零零五年十二月三十一日止年度
For the year ended December 31, 2005

(以港幣百萬元為單位)	(In HK$ millions)	附註 Note	2005	(重列) (Restated) 2004
投資業務：	**Investing activities:**			
購買物業、機器及設備	Purchase of property, plant and equipment	14	**(120)**	(143)
出售物業、機器及設備之收入	Proceeds from sale of property, plant and equipment		**1**	2
投資於一共同控制公司	Investment in a jointly controlled company		**(8)**	–
租賃土地及租金預付款項之減少	Decrease in leasehold land and rental prepayments		**5**	–
租賃按金之減少	Decrease in rental deposits		**6**	–
已收利息	Interest received		**15**	8
已收一共同控制公司股息	Dividends received from a jointly controlled company		**6**	5
已收一聯營公司股息	Dividends received from an associate		**6**	6
存款日起三個月以上到期之銀行定期存款之減少	Decrease of bank deposits with maturity over three months from date of deposits		**–**	4
投資業務之現金流出淨額	**Net cash outflow from investing activities**		**(89)**	(118)
融資業務前之現金流入淨額	**Net cash inflow before financing activities**		**400**	209
融資業務：	**Financing activities:**			
發行股份之收入	Proceeds from issue of shares		**113**	24
已付少數股東股息	Dividends paid to minority shareholders		**(11)**	(23)
已付股息	Dividends paid		**(357)**	(318)
融資業務之現金流出淨額	**Net cash outflow from financing activities**		**(255)**	(317)
現金及現金等值之增加/(減少)	**Increase/(decrease) in cash and cash equivalents**		**145**	(108)
年初現金及現金等值結存	**Cash and cash equivalents at the beginning of the year**		**686**	777
外幣匯率變動之影響	**Effect of foreign exchange rate changes**		**(7)**	17
年終現金及現金等值結存	**Cash and cash equivalents at the end of the year**	28	**824**	686

截至二零零五年十二月三十一日止年度

For the year ended December 31, 2005

(a) 集團 (a) Group

(以港幣百萬元為單位) (In HK$ millions)	本公司股東應佔權益 Attributable to shareholders of the Company										
	股本 Share capital	繳入盈餘 Contributed surplus	資本贖回儲備 Capital redemption reserve	股份溢價 Share premium	匯兌儲備 Exchange reserve	購股權儲備 Share options reserve	(附註23) (Note 23) 其他儲備 Other reserves	滾存溢利 Retained profits	合計 Total	少數股東權益 Minority interests	總權益 Total equity
於二零零五年一月一日，以往呈報為權益 At January 1, 2005, previously reported as equity	73	383	3	489	(32)	-	118	920	1,954	-	1,954
於二零零五年一月一日，以往分開呈報之少數股東權益 At January 1, 2005, previously separately reported as minority interests	-	-	-	-	-	-	-	-	-	79	79
採納HKFRS 2 之影響 Effect of adopting HKFRS 2 – 以股份支付的支出（附註2(b)(iv)） – Share-based payment (Note 2(b)(iv))	-	-	-	-	-	7	-	(7)	-	-	-
於二零零五年一月一日，經重新列賬 At January 1, 2005, as restated	73	383	3	489	(32)	7	118	913	1,954	79	2,033
海外附屬公司及分公司換算之匯兌調整 Exchange adjustment on translation of overseas subsidiaries and branches	-	-	-	-	1	-	-	-	1	-	1
遞延稅項負債淨額之變動（附註24） Movement in net deferred tax liabilities (Note 24)	-	-	-	-	1	-	-	-	1	-	1
淨收益直接於權益中確認 Net gain recognized directly in equity	-	-	-	-	2	-	-	-	2	-	2
本年度溢利 Profit for the year	-	-	-	-	-	-	-	406	406	25	431
確認收益總額 Total recognized gain	-	-	-	-	2	-	-	406	408	25	433
儲備間轉撥 Transfer from/(to) other reserves	-	-	-	-	-	-	1	(1)	-	-	-
購股權計劃 Share option schemes – 因行使購股權而發行之股份 – Shares issue upon exercise of share options	1	-	-	113	-	(1)	-	-	113	-	113
– 購股權費用 – Share option expense	-	-	-	-	-	4	-	-	4	-	4
少數股東股息 Dividends to minority shareholders	-	-	-	-	-	-	-	-	-	(11)	(11)
二零零四年末期及特別末期股息（附註12(b)） 2004 final and special final dividends (Note 12(b))	-	-	-	-	-	-	-	(260)	(260)	-	(260)
二零零五年中期及特別中期股息（附註12(a)） 2005 interim and special interim dividends (Note 12(a))	-	-	-	-	-	-	-	(97)	(97)	-	(97)
	1	-	-	113	-	3	1	(358)	(240)	(11)	(251)
於二零零五年十二月三十一日 At December 31, 2005	74	383	3	602	(30)	10	119	961	2,122	93	2,215

(a) 集團

(a) Group

二零零四年之比較數字如下：

The comparative figures for 2004 are set out as follows:

(以港幣百萬元為單位) (In HK$ millions)	股本 Share capital	繳入盈餘 Contributed surplus	資本贖回儲備 Capital redemption reserve	股份溢價 Share premium	匯兌儲備 Exchange reserve	購股權儲備 Share options reserve	(附註23) (Note 23) 其他儲備 Other reserves	滾存溢利 Retained profits	合計 Total	少數股東權益 Minority interests	總權益 Total equity
	本公司股東應佔權益 Attributable to shareholders of the Company										
於二零零四年一月一日，以往呈報為權益 At January 1, 2004, previously reported as equity	72	383	3	466	(88)	–	126	837	1,799	–	1,799
於二零零四年一月一日，以往分開呈報之少數股東權益 At January 1, 2004, previously separately reported as minority interests	–	–	–	–	–	–	–	–	–	71	71
採納HKFRS 2之影響 Effect of adopting HKFRS 2 – 以股份支付的支出（附註2(b)(iv)） – Share-based payment (Note 2(b)(iv))	–	–	–	–	–	1	–	(1)	–	–	–
於二零零四年一月一日，經重新列賬 At January 1, 2004, as restated	72	383	3	466	(88)	1	126	836	1,799	71	1,870
海外附屬公司及分公司換算之匯兌調整 Exchange adjustment on translation of overseas subsidiaries and branches	–	–	–	–	57	–	–	–	57	–	57
遞延税項負債淨額之變動（附註24） Movement in net deferred tax liabilities (Note 24)	–	–	–	–	(1)	–	–	–	(1)	–	(1)
淨收益直接於權益中確認 Net gain recognized directly in equity	–	–	–	–	56	–	–	–	56	–	56
本年度溢利 Profit for the year	–	–	–	–	–	–	–	387	387	31	418
確認收益總額 Total recognized gain	–	–	–	–	56	–	–	387	443	31	474
儲備間轉撥 Transfer from/(to) reserves	–	–	–	–	–	–	(8)	8	–	–	–
購股權計劃 Share option schemes											
– 因行使購股權而發行之股份 – Shares issue upon exercise of share options	1	–	–	23	–	–	–	–	24	–	24
– 購股權費用 – Share option expense	–	–	–	–	–	6	–	–	6	–	6
少數股東股息 Dividends to minority shareholders	–	–	–	–	–	–	–	–	–	(23)	(23)
二零零三年末期及特別末期股息（附註12(b)） 2003 final and special final dividends (Note 12(b))	–	–	–	–	–	–	–	(238)	(238)	–	(238)
二零零四年中期及特別中期股息（附註12(a)） 2004 interim and special interim dividends (Note 12(a))	–	–	–	–	–	–	–	(80)	(80)	–	(80)
	1	–	–	23	–	6	(8)	(310)	(288)	(23)	(311)
於二零零四年十二月三十一日 At December 31, 2004	73	383	3	489	(32)	7	118	913	1,954	79	2,033

截至二零零五年十二月三十一日止年度
For the year ended December 31, 2005

(b) 公司 **(b) Company**

(以港幣百萬元為單位)	(In HK$ millions)	股本 Share capital	繳入盈餘 Contributed surplus	資本贖回儲備 Capital redemption reserve	股份溢價 Share premium	購股權儲備 Share options reserve	滾存溢利 Retained profits	總權益 Total equity
於二零零五年一月一日	At January 1, 2005	**73**	**540**	**3**	**489**	**-**	**836**	**1,941**
採納HKFRS 2之影響	Effect of adopting HKFRS 2							
－以股份支付的支出(附註2(b)(iv))	– Share-based payment (Note 2(b)(iv))	**-**	**-**	**-**	**-**	**7**	**(7)**	**-**
於二零零五年一月一日，經重新列賬	At January 1, 2005, as restated	**73**	**540**	**3**	**489**	**7**	**829**	**1,941**
本年度溢利(附註11)	Profit for the year (Note 11)	**-**	**-**	**-**	**-**	**-**	**304**	**304**
確認收益總額	Total recognized gain	**-**	**-**	**-**	**-**	**-**	**304**	**304**
購股權計劃	Share option schemes							
－因行使購股權而發行之股份	– Shares issue upon exercise of share options	**1**	**-**	**-**	**113**	**(1)**	**-**	**113**
－購股權費用	– Share option expense	**-**	**-**	**-**	**-**	**4**	**-**	**4**
二零零四年末期及特別末期股息(附註12(b))	2004 final and special final dividends (Note 12(b))	**-**	**-**	**-**	**-**	**-**	**(260)**	**(260)**
二零零五年中期及特別中期股息(附註12(a))	2005 interim and special interim dividends (Note 12(a))	**-**	**-**	**-**	**-**	**-**	**(97)**	**(97)**
		1	**-**	**-**	**113**	**3**	**(357)**	**(240)**
於二零零五年十二月三十一日	**At December 31, 2005**	**74**	**540**	**3**	**602**	**10**	**776**	**2,005**

二零零四年之比較數字如下： The comparative figures for 2004 are set out as follows:

(以港幣百萬元為單位)	(In HK$ millions)	股本 Share capital	繳入盈餘 Contributed surplus	資本贖回儲備 Capital redemption reserve	股份溢價 Share premium	購股權儲備 Share options reserve	滾存溢利 Retained profits	總權益 Total equity
於二零零四年一月一日	At January 1, 2004	72	540	3	466	–	457	1,538
採納HKFRS 2之影響	Effect of adopting HKFRS 2							
－以股份支付的支出(附註2(b)(iv))	– Share-based payment (Note 2(b)(iv))	–	–	–	–	1	(1)	–
於二零零四年一月一日，經重新列賬	At January 1, 2004, as restated	72	540	3	466	1	456	1,538
本年度溢利(附註11)	Profit for the year (Note 11)	–	–	–	–	–	691	691
確認收益總額	Total recognized gain	–	–	–	–	–	691	691
購股權計劃	Share option schemes							
－因行使購股權而發行之股份	– Shares issue upon exercise of share options	1	–	–	23	–	–	24
－購股權費用	– Share option expense	–	–	–	–	6	–	6
二零零三年末期及特別末期股息(附註12(b))	2003 final and special final dividends (Note 12(b))	–	–	–	–	–	(238)	(238)
二零零四年中期及特別中期股息(附註12(a))	2004 interim and special interim dividends (Note 12(a))	–	–	–	–	–	(80)	(80)
		1	–	–	23	6	(318)	(288)
於二零零四年十二月三十一日	At December 31, 2004	73	540	3	489	7	829	1,941

1. 一般資料

Giordano International Limited（「本公司」）及其附屬公司（統稱「本集團」）透過一個超過一千六百間店鋪並遍佈二十多個國家之零售網絡分銷及銷售*Giordano*、*Giordano Ladies*、*Giordano Junior* 及*Bluestar Exchange*等品牌之便服。本集團亦於中國大陸有限度經營製衣業務。

本公司為一間於百慕達成立的有限責任公司，其註冊辦事處位於Canon's Court, 22 Victoria Street, Hamilton, HM12, Bermuda。本公司的證券於香港聯合交易所有限公司以第一市場上市（股份代號：709）。

除特別註明外，本綜合財務報表以港幣百萬元為單位。此綜合財務報表已於二零零六年三月二十一日獲董事會通過。

2. 主要會計政策

財務報表中所採用之主要會計政策現列載如下：

(a) 編製基準

本財務報表乃按照香港會計師公會頒布之香港財務報告準則（「HKFRSs」）、香港會計準則（「HKASs」）及詮釋編製。本財務報表按照歷史成本常規法編製。

在遵照HKFRSs及HKASs編製財務報表時需要運用一些重要會計估計。管理層亦需要在應用本集團之會計政策時作出判斷。一些需要重要判斷、高度複雜或對綜合財務報表有重大影響的假設和估計的部分於附註四內披露。

1. GENERAL INFORMATION

Giordano International Limited (the "Company") and its subsidiaries (together the "Group") distribute and sell causal apparel under the brand names of *Giordano*, *Giordano Ladies*, *Giordano Junior and Bluestar Exchange* through an extensive retailing network with over 1,600 shops spanning over 20 countries. It also operates a limited manufacturing capacity in China.

The Company is a limited liability company incorporated in Bermuda. Its registered office is situated at Canon's Court, 22 Victoria Street, Hamilton, HM12, Bermuda. The Company has its primary listing on The Stock Exchange of Hong Kong Limited (stock code: 709).

The consolidated financial statements are presented in million of units of Hong Kong dollars (HK$ million) unless otherwise stated. These consolidated financial statements have been approved for issue by the Board of Directors on March 21, 2006.

2. PRINCIPAL ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of these financial statements are set out below:

(a) Basis of preparation

The financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs"), Hong Kong Accounting Standards ("HKASs") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants. The financial statements are prepared under the historical cost convention.

The preparation of financial statements in conformity with HKFRSs and HKASs requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements, are disclosed in note 4.

2. 主要會計政策（續）

(a) 編製基準（續）

編製此財務報表所採用之會計政策及計算方法與二零零四年度所用相同；除了本集團因採納於二零零五年一月一日或之後開始的會計年度生效之新增及經修訂之HKFRSs及HKASs，需要改變其若干會計政策。

本集團因採納該等新增及經修訂之HKFRSs及HKASs 而作出會計政策上的有關變改於下列附註2(b)內列出。

(b) 新增及經修訂之HKFRSs及HKASs造成的影響

香港會計師公會已頒布多項新增及經修訂HKFRSs、HKASs 及詮釋，並於二零零五年一月一日或之後開始之會計年度生效。本集團已採納適用於其業務之HKFRSs 及HKASs，對比數字已因應需要而作出修正。除了以下所列，採用新增及經修訂的HKFRSs 及HKASs並未令本集團所沿用之會計政策帶來重大改變：

HKAS 1	財務報表的呈列
HKAS 17	租賃
HKAS 32	金融票據：披露及呈列
HKAS 39	金融票據：確認及計量
HKFRS 2	以股份支付的支出

(i) 採納HKAS 1「財務報表的呈列」影響少數股東權益及應佔聯營公司和共同控制公司除税後業績之呈列及其他披露。

少數股東權益在集團資產負債表中之權益內呈列，而在綜合損益表中，少數股東應佔溢利則呈列為少數股東及本公司股東之間於年內之溢利分配。

應佔聯營公司及共同控制公司溢利則以除税後淨業績於綜合損益表內列示。

2. PRINCIPAL ACCOUNTING POLICIES (continued)

(a) Basis of preparation (continued)

The accounting policies and methods of computation used in the preparation of these financial statements are consistent with those used in 2004 except that the Group has changed certain of its accounting policies following its adoption of new and revised HKFRSs and HKASs which are effective for accounting years beginning on or after January 1, 2005.

The relevant changes in the Group's accounting policies resulting from the adoption of these new and revised HKFRSs and HKASs are set out in note 2(b) below.

(b) Impact of new and revised HKFRSs and HKASs

Hong Kong Institute of Certified Public Accountants has issued a number of new and revised HKFRSs, HKASs and Interpretations which are effective for accounting years beginning on or after January 1, 2005. The Group has adopted the HKFRSs and HKASs that are applicable to its operations. The comparative figures have been amended as required. The adoption of new and revised HKFRSs and HKASs did not result in substantial changes to the Group's accounting policies unless otherwise stated below:

HKAS 1	Presentation of Financial Statements
HKAS 17	Leases
HKAS 32	Financial Instruments: Disclosure and Presentation
HKAS 39	Financial Instruments: Recognition and Measurement
HKFRS 2	Share-based Payment

(i) The adoption of HKAS 1 "Presentation of Financial Statements" has affected the presentation of minority interests and share of after-tax results of associates and jointly controlled companies and other disclosures.

Minority interests are presented in the Group's balance sheet within equity, and minority interests in the consolidated profit and loss account are presented as an allocation of the total profit for the year between the minority interests and the shareholders of the Company.

The share of profit of associates and jointly controlled companies are presented after netting off taxation in the consolidated profit and loss account.

2. 主要會計政策(續)

(b) 新增及經修訂之HKFRSs及HKASs造成的影響(續)

(ii) 採納經修訂之HKAS 17「租賃」後,有關租賃土地及土地使用權之分類的會計政策有所改變。根據HKAS 17,凡土地及樓宇的租約,應在租約開始時參照租賃中土地租賃權益與樓宇租賃權益的相對公平值,按比例分為土地租賃與樓宇租賃兩部分。土地預付款按成本值列賬並於租賃期內攤銷;樓宇則按成本值減累計折舊及減值虧損列賬。

(iii) 採納HKAS 32「金融票據:披露及呈列」及HKAS 39「金融票據:確認及計量」對財務資產按公平值列賬及於損益表內處理的會計政策有所改變。彼等亦導致衍生金融工具的確認、計量及分類也有所變改。

若干衍生工具(包括不符合對沖會計的外匯兌換合約)先按其於衍生合約訂立日期當日的公平值列賬,再按其後的公平值重新計算。該等衍生工具公平值的變化,會即時於損益表內確認。

(iv) 採納HKFRS 2「以股份支付的支出」對購股權之會計政策有所改變。於以往年度,購股權並無於損益表內列支。採納HKFRS 2後,購股權在授出日之公平值會於歸屬期間於損益表內攤銷。

根據過渡性條文,所有在二零零二年十一月七日後已授出但於二零零五年一月一日尚未歸屬的購股權成本於相關期間之損益表內追溯列支(附註2(r)(ii))。

2. PRINCIPAL ACCOUNTING POLICIES (continued)

(b) Impact of new and revised HKFRSs and HKASs (continued)

(ii) The adoption of revised HKAS 17 “Leases” has resulted in a change in the accounting policy relating to the classification of leasehold land and land use rights. In accordance with HKAS 17, a lease of land and building should be split into a lease of land and a lease of building in proportion to the relative fair values of the leasehold interests in the land element and the building element of the lease at the inception of the lease. The up-front prepayment for land is stated at cost and amortized over the period of the lease whereas the building is stated at cost less accumulated depreciation and impairment losses.

(iii) The adoption of HKAS 32 “Financial Instruments: Disclosure and Presentation” and HKAS 39 “Financial Instruments: Recognition and Measurement” has resulted in a change in the accounting policy relating to the treatment of financial assets at fair value through profit and loss account. These have also resulted in a change in the recognition, measurement and classification of derivative financial instruments.

Certain derivatives, which include foreign exchange contracts, which do not qualify for hedge accounting, are initially recognized at fair value on the date on which a derivative contract is entered into and subsequently re-measured at their fair value. Changes in fair value of the derivatives are recognized immediately in the profit and loss account.

(iv) The adoption of HKFRS 2 “Share-based Payment” has resulted in a change in the accounting policy for share options. In prior years, the provision of share options did not result in a charge to the profit and loss account. Following the adoption of HKFRS 2, fair value of share options at the grant date is amortized over the relevant vesting periods to the profit and loss account.

As a transitional provision, the cost of share options granted after November 7, 2002 and had not yet vested on January 1, 2005 was expensed retrospectively in the profit and loss account of the respective periods (note 2(r)(ii)).

2. 主要會計政策（續）

2. PRINCIPAL ACCOUNTING POLICIES (continued)

(b) 新增及經修訂之HKFRSs及HKASs造成的影響（續）

(b) Impact of new and revised HKFRSs and HKASs (continued)

(v) 所有會計政策根據過渡性條文中有關的準則已在適用的情況下作出變更。除下列外，所有集團採納的標準需要追溯應用：

- HKAS 39：不准許按此標準追溯財務資產及負債之確認、不再確認及計量；
- HKAS 詮釋15：沒有要求對二零零五年一月一日之前生效之租賃獎勵作出確認；
- HKFRS 2：追溯應用只適用於二零零二年十一月七日後授出但於二零零五年一月一日尚未歸屬之購股權；及
- HKFRS 3：於二零零五年一月一日後採用。

(v) All changes in the accounting policies have been made in accordance with the transitional provisions in the respective standards, wherever applicable. All standards adopted by the Group require retrospective application other than:

- HKAS 39: does not permit to recognize, derecognize and measure financial assets and liabilities in accordance with this standard on a retrospective basis;
- HKAS Interpretation 15: does not require the recognition of incentives for leases beginning before January 1, 2005;
- HKFRS 2: only retrospective application for all share options granted after November 7, 2002 and not vested at January 1, 2005; and
- HKFRS 3: prospectively after January 1, 2005.

(vi) 採納HKFRS 2 對綜合損益表之影響如下：

(vi) Effect of adopting HKFRS 2 on the consolidated profit and loss account is as follows:

(除每股盈利外，以港幣百萬元為單位)	*(In HK$ millions, except earnings per share)*	**2005**	2004
行政費用增加（附註2(b)(iv)）	Increase in administrative expenses (Note 2(b)(iv))	**4**	6
本公司股東應佔溢利減少	Decrease in profit attributable to shareholders of the Company	**4**	6
每股基本及攤薄盈利減少	Decrease in basic and diluted earnings per share	**0.3¢**	0.5¢

2. 主要會計政策（續） 2. PRINCIPAL ACCOUNTING POLICIES (continued)

(b) 新增及經修訂之HKFRSs及HKASs造成的影響（續） (b) Impact of new and revised HKFRSs and HKASs (continued)

(vii) 會計政策之變改對集團資產負債表之影響如下：

(vii) Effect of changes in the accounting policies on the Group's balance sheet is as follows:

於二零零五年十二月三十一日 *（以港幣百萬元為單位）*	At December 31, 2005 *(In HK$ millions)*	HKFRS 2	HKAS 17	合計 Total
非流動資產增加/（減少）	**Increase/(decrease) in non-current assets**			
物業、機器及設備（附註2(b)(ii)）	Property, plant and equipment (Note 2(b)(ii))	**–**	**(250)**	**(250)**
租賃土地及租金預付款項（附註2(b)(ii)）	Leasehold land and rental prepayments (Note 2(b)(ii))	**–**	**242**	**242**
		–	**(8)**	**(8)**
流動資產增加	**Increase in current assets**			
租賃土地及租金預付款項（附註2(b)(ii)）	Leasehold land and rental prepayments (Note 2(b)(ii))	**–**	**8**	**8**
權益增加/（減少）	**Increase/(decrease) in equity**			
購股權儲備（附註2(b)(iv)）	Share options reserve (Note 2(b)(iv))	**10**	**–**	**10**
滾存溢利（附註2(b)(iv)）	Retained profits (Note 2(b)(iv))	**(10)**	**–**	**(10)**
		–	**–**	**–**

於二零零四年十二月三十一日 *（以港幣百萬元為單位）*	At December 31, 2004 *(In HK$ millions)*	HKFRS 2	HKAS 17	合計 Total
非流動資產增加/（減少）	**Increase/(decrease) in non-current assets**			
物業、機器及設備（附註2(b)(ii)）	Property, plant and equipment (Note 2(b)(ii))	–	(263)	(263)
租賃土地及租金預付款項（附註2(b)(ii)）	Leasehold land and rental prepayments (Note 2(b)(ii))	–	255	255
		–	(8)	(8)
流動資產增加	**Increase in current assets**			
租賃土地及租金預付款項（附註2(b)(ii)）	Leasehold land and rental prepayments (Note 2(b)(ii))	–	8	8
權益增加/（減少）	**Increase/(decrease) in equity**			
購股權儲備（附註2(b)(iv)）	Share options reserve (Note 2(b)(iv))			
－於二零零四年一月一日	– at January 1, 2004	1	–	1
－截至二零零四年十二月三十一日止年度	– for the year ended December 31, 2004	6	–	6
		7	–	7
滾存溢利（附註2(b)(iv)）	Retained profits (Note 2(b)(iv))	(7)	–	(7)
		–	–	–

2. 主要會計政策（續）

(b) 新增及經修訂之HKFRSs及HKASs造成的影響（續）

(viii) 就若干與本集團業務相關而必須於本集團二零零六年一月一日或以後之會計年度採用之新增準則和現有準則之修改及詮釋已經頒布；本集團並未於截至二零零五年十二月三十一日止年度的財務報表內提早採納該等新增準則、修改及詮釋。

(c) 綜合基準

(i) 綜合財務報表包括本公司及其附屬公司截至二零零五年十二月三十一日止之財務報表。

(ii) 所有集團內公司間之重大交易及結餘已於綜合報表內對銷。

(iii) 於本年度內收購或出售之附屬公司，其業績由收購或直至出售生效日起已計入綜合損益表內。

(iv) 出售附屬公司之收益或虧損，指出售所得之收入與集團應佔公司資產淨值(連同以前並未在綜合損益表內支銷或入賬之任何未攤銷商譽或負商譽)之差額。

(v) 少數股東權益指外界股東在附屬公司經營業績及資產淨值中所佔之權益。

(d) 附屬公司

附屬公司指本公司直接或間接持有多於百分之五十投票權或已發行股本或擁有組成董事會之控制權或有權監控其財務及經營政策之公司。

附屬公司之賬目由控制權轉移予本集團當日起完全綜合於本集團賬內；而於控制權終止當日剔除。

2. PRINCIPAL ACCOUNTING POLICIES (continued)

(b) Impact of new and revised HKFRSs and HKASs (continued)

(viii) Certain new standards, amendments and interpretations to existing standards have been published that are relevant to the Group's business and are mandatory for the Group's accounting periods beginning on or after January 1, 2006 or later periods. The Group has not adopted these new standards, amendments and interpretations for the year ended December 31, 2005.

(c) Basis of consolidation

(i) The consolidated financial statements incorporate the financial statements of the Company and its subsidiaries made up to December 31, 2005.

(ii) All material inter-company transactions and balances within the Group are eliminated on consolidation.

(iii) The results of subsidiaries acquired or disposed of during the year are dealt with in the consolidated profit and loss account from or up to the effective dates of acquisition or disposal.

(iv) The gain or loss on the disposal of a subsidiary represents the difference between the proceeds of the sale and the Group's share of its net assets together with any unamortized goodwill or negative goodwill which was not previously charged or recognized in the consolidated profit and loss account.

(v) Minority interests represent the interests of outside shareholders in the operating results and net assets of subsidiaries.

(d) Subsidiaries

A subsidiary is a company in which the Company, directly or indirectly, controls more than 50 percent of its voting power or issued share capital or controls the composition of its board of directors or has power to govern its financial and operating policies.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

2. 主要會計政策（續）

(d) 附屬公司（續）

本集團收購附屬公司時以購買會計法入賬。收購成本乃按轉讓日所給予資產、所發行股本工具及所引致或承擔的負債的公平值，加收購事項直接引致之成本計算。業務合併時所收購之可識別資產及所承擔之負債及或然負債初步以於收購日之公平值計算，而不計入任何少數股東權益。收購成本超出本集團應佔所收購可識別資產淨值之公平值部分的則記錄為商譽。倘收購成本低於所購附屬公司資產淨值之公平值部分，該差異則直接於損益表中確認。

集團公司之間的交易、結餘及交易之未變現收益乃予對銷。除非該交易提供證據證明所轉移資產出現減值，否則未變現虧損亦予以對銷。附屬公司之會計政策已在需要情況下作修訂，以確保與本集團所採納之政策一致。

附屬公司之投資，以成本值扣除減值虧損之撥備納入本公司之資產負債表內。本公司將附屬公司之業績按已收及應收股息入賬。

(e) 共同控制公司

根據HKAS 31「合營項目投資」(該會計準則已取替會計實務準則第二十一號「合營權益之會計處理」)，共同控制公司乃每位投資者擁有其權益而該公司之財務及營運決策乃根據合約安排由投資者共同控制。

2. PRINCIPAL ACCOUNTING POLICIES (continued)

(d) Subsidiaries (continued)

The purchase method of accounting is used to account for the acquisition of subsidiaries by the Group. The cost of an acquisition is measured at the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognized directly in the profit and loss account.

Inter-company transactions, balances and unrealized gains on transactions between group companies are eliminated. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of subsidiaries are changed where necessary to ensure consistency with the policies adopted by the Group.

Investments in subsidiaries are carried in the Company's balance sheet at cost, less provision for impairment losses. The results of subsidiaries are accounted for by the Company on the basis of dividend received and receivable.

(e) Jointly controlled companies

In accordance with HKAS 31 "Interests in Joint Ventures", which supersedes Statement of Standard Accounting Practice 21 "Accounting for Interests in Joint Ventures", a jointly controlled company is an entity in which each venturer has an interest and of which its financial and operating policies are under contractual arrangements jointly controlled by the venturers.

2. 主要會計政策（續）

(e) 共同控制公司（續）

本集團採納權益法處理於共同控制公司之權益。綜合損益表包括本集團於期內應佔共同控制公司之業績，而集團資產負債表包括本集團所佔共同控制公司之淨資產。當本集團與共同控制公司有交易時，未變現溢利及虧損會根據本集團所佔權益予以抵銷。共同控制公司之會計政策已在需要情況下作修訂，以確保與本集團所採納之政策一致。

於本公司之資產負債表，共同控制公司之權益以成本值扣除減值虧損之撥備入賬。本公司將共同控制公司之業績按已收及應收股息入賬。

(f) 聯營公司

聯營公司是指本集團對其有重大影響但不擁有控制權的公司，一般附帶擁有其百分之二十至百分之五十股本權益。

本集團對收購後應佔聯營公司的利潤或虧損於損益表中確認，而應佔收購後的聯營公司的儲備變動在儲備中確認。收購後的累積變動乃於投資之賬面值作調整。當本集團應佔聯營公司的虧損相等於或大於其佔聯營公司的權益（包括任何其他無擔保之應收賬款），本集團不再確認額外的損失，除非本集團有此責任或已代聯營公司支付款項。

因本集團與聯營公司之間交易而產生的未變現收益按本集團所佔權益予以抵銷。除非該交易提供證據證明所轉移資產出現減值，否則未變現虧損亦予抵銷。聯營公司之會計政策已在需要情況下作修訂，以確保與本集團所採納之政策一致。

於本公司之資產負債表，聯營公司之投資以成本值扣除減值虧損之撥備入賬。本公司將聯營公司之業績按已收及應收股息入賬。

2. PRINCIPAL ACCOUNTING POLICIES (continued)

(e) Jointly controlled companies (continued)

The Group adopts the equity method to account for the interests in jointly controlled companies. The consolidated profit and loss account includes the Group's share of the results of jointly controlled companies for the year, and the Group's balance sheet includes the Group's share of net assets of the jointly controlled companies. When the Group transacts with its jointly controlled companies, unrealized profits and losses are eliminated to the extent of the Group's interests in jointly controlled companies. Accounting policies of jointly controlled companies are changed where necessary to ensure consistency with the policies adopted by the Group.

In the Company's balance sheet, the interests in jointly controlled companies are stated at cost less provision for impairment losses. The results of jointly controlled companies are accounted for by the Company on the basis of dividend received and receivable.

(f) Associates

An associate is a company over which the Group has significant influence but does not control, generally accompanying an equity interest of between 20 percent and 50 percent.

The Group's share of its associate's post-acquisition profits or losses is recognized in the profit and loss account, and its share of post-acquisition movements in reserves is recognized in reserves. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognize further losses, unless it has incurred obligations or made payments on behalf of the associate.

Unrealized gains on transactions between the Group and its associates are eliminated to the extent of the Group's interests in the associates. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates are changed where necessary to ensure consistency with the policies adopted by the Group.

In the Company's balance sheet, the investments in associates are stated at cost less provision for impairment losses. The results of associates are accounted for by the Company on the basis of dividend received and receivable.

2. 主要會計政策（續）

(g) 分部報表

一個業務分部指從事提供產品或服務之一組資產及業務，而該組資產及業務之風險及回報有別於其他業務分部。一個地區分部乃在某一特定經濟環境下從事提供產品或服務，而該分部之風險及回報有別於在其他經濟環境經營的分部。

按照本集團之內部財務報告，本集團已決定以業務分部資料作為主要報告形式呈列，而地區分部資料則以次要報告形式呈列。

分部資產主要包括物業、機器及設備、租賃土地及租金預付款項、租賃按金及預付款項、存貨、應收款項及經營現金。分部負債指經營負債，而不包括稅項及若干企業借款等項目。資本開支指添置物業、機器及設備，當中包括因收購附屬公司而增加之資產。

至於地區分部報告，銷售額乃按照客戶所在國家計算。總資產及資本開支則按資產所在地計算。

(h) 外幣換算

(i) **功能性及呈列貨幣**

本集團內各企業的財務報表內的項目均以該企業經營之主要經濟環境之通行貨幣（「功能性貨幣」）計量。綜合財務報表以港元呈列，而該貨幣為本公司的功能性及呈列貨幣。

(ii) **交易及結餘**

外幣交易均按交易當日之匯率折算為功能性貨幣入賬。上述交易結算過程中以及按年終兌換率匯算以外幣為單位之貨幣性資產和負債時出現的匯兌收益及虧損均於損益表中確認。

2. PRINCIPAL ACCOUNTING POLICIES (continued)

(g) Segment reporting

A business segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different from those of other business segments. A geographical segment is engaged in providing products or services within a particular economic environment that are subject to risks and return that are different from those of segments operating in other economic environments.

In accordance with the Group's internal financial reporting, the Group has determined that business segments are presented as the primary reporting format and geographical segments as the secondary reporting format.

Segment assets consist primarily of property, plant and equipment, leasehold land and rental prepayments, rental deposits and prepayments, inventories, receivables and operating cash. Segment liabilities comprise operating liabilities but exclude items such as taxation and certain corporate borrowings. Capital expenditure comprises additions to property, plant and equipment, including additions resulting from acquisitions through purchases of subsidiaries.

In respect of geographical segment reporting, sales are based on the country in which customers are located. Total assets and capital expenditures are based on where the assets are located.

(h) Foreign currency translation

(i) **Functional and presentation currency**

Items included in the financial statements of each of the Group's companies are measured using the currency of the primary economic environment in which the company operates ("the functional currency"). The consolidated financial statements are presented in Hong Kong dollars, which is the Company's functional and presentation currency.

(ii) **Transactions and balances**

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the transaction dates. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the profit and loss account.

2. 主要會計政策（續）

(h) 外幣換算（續）

(iii) **集團公司**

所有本集團之公司若其功能性貨幣與呈列貨幣不同（各公司均無極高通脹經濟之貨幣），其業績及財務狀況均按以下方法換算為呈列貨幣：

– 每份呈列於資產負債表之資產及負債均以該資產負債表結算日之收市匯率換算；

– 每份損益表之收入及支出項目按平均匯率換算（除非該平均匯率並非反映交易日通行匯率累計影響的一個合理的接近匯率，在此情況下收入及支出乃用交易當日的匯率換算）；及

– 所有兌換差異乃於匯兌儲備中確認。

於綜合賬目時，換算境外公司投資淨值，以及借款和作為上述投資之對沖之其他貨幣投資時產生之匯兌差額乃列入匯兌儲備內。當出售境外業務時，該匯兌差額於損益表中確認為出售收益或虧損之部分。

(i) 物業、機器及設備

(i) 永久業權土地以成本值入賬及不作攤銷。

(ii) 樓宇、租賃物業裝修及其他固定資產以成本值扣除累積折舊及累積減值虧損列賬。成本值指資產之購買價及將資產達至現行用途之其他有關費用。

2. PRINCIPAL ACCOUNTING POLICIES (continued)

(h) Foreign currency translation (continued)

(iii) **Group companies**

The results and financial position of all the group companies (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

– assets and liabilities for each balance sheet presented are translated at the closing rate at balance sheet date;

– income and expenses for each profit and loss account are translated at average exchange rates (unless this average rate is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case incomes and expenses are translated at the transaction dates); and

– all resulting exchange differences are recognized in the exchange reserve.

On consolidation, exchange differences arising from the translation of the net investment in foreign companies, and of borrowings and other currency instruments designated as hedges of such investments are taken to exchange reserve. When a foreign operation is sold, such exchange differences are recognized in the profit and loss account as part of the gain or loss on sale.

(i) Property, plant and equipment

(i) Freehold land is stated at cost and is not amortized.

(ii) Buildings, leasehold improvements and other fixed assets are stated at cost less accumulated depreciation and any accumulated impairment losses. Cost represents the purchase price of the asset and other costs incurred to bring the asset into its existing use.

2. 主要會計政策（續）

(i) 物業、機器及設備（續）

(iii) 僅在與該項目相關之未來經濟效益有可能歸於本集團及能可靠地計算出該項目成本之情況下，其後之成本才會包括於資產賬面值或確認為獨立之資產（如適用）。所有其他維修及保養支出於其產生之財務期間內計入損益表。

(iv) 物業、機器及設備之折舊乃以資產成本值按其估計於本集團可使用年期以直線方式撇銷如下：

- 永久業權之土地不作折舊。
- 位於永久業權之土地上之樓宇是按估計可使用年期，以其完成日不多於五十年計算。
- 位於租賃之土地上之樓宇是按估計剩餘租賃年期或其估計可使用年期，以完成日不多於五十年計算，兩者之較短者折舊。
- 機器　五年
- 其他固定資產　三至五年

(v) 於每個結算日，資產之剩餘價值及可使用年限，會於適當情況下重新審閱及作出調整。

(vi) 倘某資產之賬面值大於其估計可收回金額，該資產之賬面值將即時減值至其可收回之金額。

(vii) 出售固定資產之收益或虧損指出售淨收益與有關資產賬面金額之差額，並於損益表內列賬。

2. PRINCIPAL ACCOUNTING POLICIES (continued)

(i) Property, plant and equipment (continued)

(iii) Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are expensed in the profit and loss account during the financial period in which they are incurred.

(iv) Depreciation of property, plant and equipment is calculated using the straight-line method to allocate cost over their estimated useful lives, as follows:

- Freehold land is not depreciated.
- Buildings situated on freehold land are depreciated over their estimated useful life, being no more than 50 years after the date of completion.
- Buildings situated on leasehold land are depreciated over the shorter of the unexpired term of lease or their estimated useful lives, being no more than 50 years after the date of completion.
- Plant　5 years
- Other fixed assets　3 – 5 years

(v) Assets' residual values and useful lives are reviewed and adjusted if appropriate, at each balance sheet date.

(vi) An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

(vii) Gain or loss on disposal of fixed assets is the difference between the net sales proceeds and the carrying amount of the relevant asset, and is recognized in the profit and loss account.

2. 主要會計政策（續）

(j) 投資物業

(i) 投資物業乃持有作長期收租或資本增值，或兩者皆是；而該等物業並非主要由本集團之任何公司佔用。

(ii) 投資物業包括融資租賃之樓宇，以成本值扣除累積折舊及累積減值虧損列賬。成本值指投資物業之購買價及將物業達至現行用途之其他有關費用。投資物業之折舊是按剩餘租賃年期將其成本值撇銷計算。

(iii) 僅在與該項目相關之未來經濟效益有可能歸於本集團及能可靠地計算出項目成本之情況下，其後的支出才會包括於資產賬面值。所有其他維修及保養支出於其產生之財務期間內計入損益表。

(k) 無形資產

(i) **商譽**

商譽指收購成本高於本集團於收購日應佔所收購附屬公司/聯營公司/共同控制公司可確認資產淨值之公平價值的差額。收購附屬公司及共同控制公司所產生之商譽計入無形資產；而收購聯營公司產生之商譽則計入聯營公司權益。

商譽於每年檢討須否減值及按成本減累計減值列賬。出售實體之收益及虧損包括有關已售出實體之商譽賬面值。

為進行減值評估，商譽會被分配至各現金產生單位。

2. PRINCIPAL ACCOUNTING POLICIES (continued)

(j) Investment property

(i) An investment property is a property which is held for long term rental yield or for capital appreciation, or both and that is not substantially occupied by any Group companies.

(ii) Investment property comprises buildings held under finance leases. It is stated at cost less accumulated depreciation and any accumulated impairment losses. Cost represents the purchase price of the investment property and other costs incurred to bring the property into its existing use. Depreciation of investment property is calculated to write off its cost over the unexpired period of the lease.

(iii) Subsequent expenditure is charged to the asset's carrying amount only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance costs are expensed in the profit and loss account during the financial period in which they are incurred.

(k) Intangible assets

(i) **Goodwill**

Goodwill represents the excess of the cost of any acquisition over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary/associate/jointly controlled company at the date of acquisition. Goodwill on acquisitions of subsidiaries and jointly controlled companies is included in intangible assets. Goodwill on acquisitions of associates is included in interest in associates.

Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment test.

2. 主要會計政策（續）

(k) 無形資產（續）

(ii) **商標及授權**

已收購的商標及授權乃按歷史成本列示。有確定使用年限之已收購的商標及授權乃按成本減累計攤銷列賬。攤銷乃按商標和授權的成本以直線方式於其估計之使用年限而計算。

(iii) **電腦軟件**

已購買之電腦軟件乃按購買及使該軟件可運用之成本入賬。此等成本於其估計可使用年期內攤銷。

有關開發及維持電腦軟件程式之成本於產生時確認為支出。

(l) 資產減值

無指定使用年期之資產毋需攤銷，但至少每年或每當有事項或情況轉變顯示不可收回賬面值時檢討是否需要減值。需要攤銷之資產於每年或每當有事項或情況轉變顯示賬面值不可收回時檢討有否要減值。減值虧損即時按資產賬面值超出其可收回金額之差額確認。可收回金額為資產之公平值減銷售成本與使用價值之較高者。於評估減值時，資產應按可分開確認現金流量之最低水平（現金產生單位）分類評估。

(m) 存貨

存貨按成本值與可變現淨值兩者中之較低者入賬。成本值乃按加權平均之基準並按下列方法計算：

(i) 原料及購入貨品 - 按發票價加採購成本。

2. PRINCIPAL ACCOUNTING POLICIES (continued)

(k) Intangible assets (continued)

(ii) **Trademarks and licenses**

Acquired trademarks and licenses are shown at historical cost. Acquired trademarks and licenses have a definite useful life and are carried at cost less accumulated amortization. Amortization is calculated using the straight-line method to allocate the cost of trademarks and licenses over their estimated useful lives.

(iii) **Computer software**

Acquired computer software licenses are capitalized on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortized over their estimated useful life.

Cost associated with developing or maintaining computer software programs are recognized as an expense as incurred.

(l) Impairment of assets

Assets that have an indefinite useful life are not subject to amortization, which are at least tested annually for impairment and are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Assets that are subject to amortization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the assets carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purpose of assessing impairment, assets are grouped at the lowest level for which there are separately identifiable cash flows (cash-generating units).

(m) Inventories

Inventories are stated at the lower of cost and net realizable value. Cost is determined on the weighted average basis and is arrived at as follows:

(i) Raw materials and purchased goods – invoiced prices plus procurement costs.

2. 主要會計政策（續）

(m) 存貨（續）

(ii) 在製貨品及製成品－直接物料成本、直接勞工成本及應佔之生產費用，但不包括借貸成本。

可變現淨值乃存貨在正常業務情況下之售價扣除變賣費用，及（如適用）扣除將其轉換成製成產品之成本。

(n) 應收賬款及其他應收款

應收賬款及其他應收款乃按其公平值入賬，其後以實際利率攤銷成本計量；若在折現的影響是不重要的情況下應收賬款及其他應收款則以成本扣除減值撥備列出。應收賬款及其他應收款之減值撥備在有客觀證據證明將不能按應收款項之原有條款收回全數金額時確立。撥備金額為資產賬面值與估計未來現金流量之現值按實際利率折現之差額。撥備金額於損益表內確認。

(o) 現金及現金等值

現金及現金等值包括手頭現金、銀行通知存款、其他短期高度流通和於三個月內到期之投資及銀行透支。銀行透支於資產負債表流動負債之借貸下顯示。

(p) 借貸成本

所有借貸成本於發生期間內於損益表支銷，除非此等成本直接歸屬於收購、建造或生產資產，而該資產需要長時間達至其預設用途或用作出售，才可作資本化。

2. PRINCIPAL ACCOUNTING POLICIES (continued)

(m) Inventories (continued)

(ii) Work in progress and finished goods – cost of direct materials, direct labor and an appropriate proportion of production overheads, but excluding borrowing costs.

Net realizable value is the estimated price at which inventories can be sold in the normal course of business after allowing for the costs of realization and, where appropriate, the cost of conversion from their existing state to a finished condition.

(n) Trade and other receivables

Trade and other receivables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method unless the effect of discounting would be immaterial, in which case they are stated at cost less provision for impairment. A provision for impairment of trade and other receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of receivables. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. The amount of the provision is recognized in the profit and loss account.

(o) Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the balance sheet.

(p) Borrowing costs

Borrowing costs are expensed in the profit and loss account in the period in which they are incurred, except to the extent that they are capitalized as being directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial period of time to get ready for its intended use or sale.

2. 主要會計政策（續）

(q) 遞延稅項

遞延稅項採用負債法就資產/負債之稅基與它們在財務報表之賬面值兩者之短暫性差異作全數撥備。於結算日已頒布或實質上頒布的稅率，將用作為決定遞延稅項。

因稅務虧損所產生之遞延稅項資產不會確認入賬，除非預期日後應課稅溢利可抵銷此短暫性差異。

遞延稅項就投資於附屬公司、共同控制公司及聯營公司所產生之短暫性差異而撥備，但假若母公司可以控制此時差之撥回，並有可能在可預見未來不會撥回則除外。

(r) 僱員福利

(i) 退休金責任

除台灣之退休計劃安排外，本集團為所有合資格的僱員實行界定供款計劃及(如適用)參與中央界定供款公積金計劃。界定供款計劃資產與本集團資產分開持有，並由獨立基金管理。僱主與僱員雙方均須就該等計劃作供款，而供款額乃取決於僱員薪金之百分比，而該百分比的幅度由百分之二至百分之二十不等。

本集團向該界定供款計劃及強制性公積金計劃所作出之供款在發生時作為費用支銷，而員工在取得全數既得之利益前退出計劃而被沒收之僱主供款將會用作扣減此供款。本集團於作出供款後，便再沒有其他付款的責任。

2. PRINCIPAL ACCOUNTING POLICIES (continued)

(q) Deferred taxation

Deferred taxation is provided in full, using liability method, on temporary differences between the tax base of assets/liabilities and their carrying amounts in the financial statements. Taxation rates enacted or substantially enacted by the balance sheet date are used to determine deferred taxation.

Deferred tax assets generated from taxable losses are not recognized unless it is probable that future taxable profit will be available against which the temporary differences can be utilized.

Deferred taxation is provided on the temporary differences arising on investment in subsidiaries, jointly controlled companies and associates, except where the timing of the reversal of the temporary differences can be controlled by the parent company and it is probable that the temporary difference will not reverse in the foreseeable future.

(r) Employee benefits

(i) Pension obligations

Except for the pension scheme arrangements in Taiwan, the Group operates defined contributions schemes and, if applicable, participates in central defined contribution provident fund schemes for all qualified employees. The assets of the said schemes are held by independently administered funds separated from those of the Group. Contributions to these schemes are made by both the employers and employees at rates ranging from two percent to twenty percent on the employees' salaries.

The Group's contributions to the defined contribution plans and mandatory provident fund scheme are expensed as incurred and, if applicable, are reduced by contributions forfeited by those employees who leave the scheme or the plan prior to vesting fully in the contributions. The Group has no further payment obligations once the contributions have been made.

2. 主要會計政策（續）

(r) 僱員福利（續）

(i) 退休金責任（續）

集團全資所屬的台灣分公司依據台灣勞動基準法條例參與「確定給付制」之退休金計劃（「舊制」）；同時，自二零零五年七月一日起，依據台灣勞工退休金條例參與『確定提撥制』之退休金計劃（「新制」）。

在舊制之下，集團有責任確保有足夠的資金支付員工之退休金包含在新制實施前舊年資應保留之退休金及選擇繼續參與舊制的員工之隨後年資，台灣分公司現行按參與員工薪金總額之百分之二提撥退休金，此提撥比率是經相關政府單位批准的，舊制的退休金資產是經中央信託局進行投資。

在新制之下，台灣分公司依據選擇新制員工的每月平均薪金按月提撥百分之六的退休金，並存入員工於勞工保險局之個人帳戶內。

(ii) 以股份支付的補償

本集團設有一項以股權結算、以股份支付之補償計劃。本集團就授出購股權而取得之僱員服務公平價值確認並列作開支。購股權歸屬期間支銷之總額乃參考已授出購股權之公平價值而釐定，惟不計及任何非市場歸屬情況之影響（例如盈利能力及銷售增長目標）。非市場歸屬條件包括於預期可予行使之購股權數目之假設內。於各結算日，本集團均會修改其估計預期可予行使之購股權之數目。修改原來估計數字如有影響，則於損益表內確認，以及在餘下歸屬期間對股東權益作相應調整。

當購股權獲行使時，已收取所得款項於扣除任何直接應佔交易成本後均列入股本（面值）及股份溢價中。

2. PRINCIPAL ACCOUNTING POLICIES (continued)

(r) Employee benefits (continued)

(i) Pension obligations (continued)

The branches of wholly-owned subsidiaries of the Group in Taiwan have a defined benefit scheme (“Old Scheme”) governed by the Labor Standard Law and a defined contribution scheme (“New Scheme”) governed by the Labor Pension Act which became effective on July 1, 2005.

Under the Old Scheme, the Group has an obligation to ensure that there are sufficient funds in the scheme to pay the benefits earned for the service years of all employees covered before the New Scheme and the subsequent service years of employees that chose to continue to participate in the Old Scheme. The branches currently contribute at two percent of the total salaries of participating employees as determined and approved by the relevant government authorities. The assets of the Old Scheme are invested by the Central Trust of China.

Under the New Scheme, the branches contribute each month at six percent of the salary of employees that choose to participate in the New Scheme, deposited into individual pension accounts at the Bureau of Labor Insurance.

(ii) Share-based compensation

The Group operates an equity-settled, share-based compensation plan. The fair value of the employee services received in exchange for the grant of the options is recognized as an expense. The total amount to be expensed over the vesting period is determined by reference to the fair value of the options granted, excluding the impact of any non-market vesting conditions (for example, profitability and sales growth targets). Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable. At each balance sheet date, the Group revises its estimates of the number for options that are expected to become exercisable. It recognizes the impact of the revision of original estimates, if any, in the profit and loss account, and a corresponding adjustment to equity over the remaining vesting period.

The proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and share premium when the options are exercised.

2. 主要會計政策（續）

(s) 撥備

當本集團對已發生的事件須承擔法律性或推定性的責任，則撥備將會被確認，而解除該責任時可能有資源之流出，並就該數額可確實地估計。

(t) 收入確認

收入包括產品及服務銷售的公平值扣減增值稅、回扣和折扣及減除集團內銷售。收入確認如下：

(i) **產品銷售－批發**

貨品之銷售收益在貨品付運予客戶，而客戶已接納貨品及有關應收款項已合理地確定收到時確認。

(ii) **產品銷售－零售**

貨品之銷售於出售產品予客戶時確認。零售銷售通常以現金或信用咭結算；而紀錄之收益為銷售總額，其中未扣減交易中應付的信用咭費用；此等費用包括在分銷成本中。

(iii) **服務銷售**

於會計期間內，服務銷售根據已提供之服務佔整體服務之比例為參考，於提供服務時確認。

(iv) **利息收入**

利息收入根據尚未償還之本金及適用之利率，按時間比例使用實際利率法確認。

(v) **專利權收入**

專利權收入按照相關協議之實質以應計基準確認。

2. PRINCIPAL ACCOUNTING POLICIES (continued)

(s) Provision

Provisions are recognized when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount can be made.

(t) Revenue recognition

Revenue comprises the fair value for the sales of goods and services, net of value-added tax, rebates return and discounts and after eliminating sales within the Group. Revenue is recognized as follows:

(i) **Sales of goods – wholesale**

Sales of goods are recognized when a Group company has delivered products to the customer, the customer has accepted the products and collectibility of the related receivables is reasonably assured.

(ii) **Sales of goods – retail**

Sales of goods are recognized when a Group company sells a product to the customer. Retail sales are usually in cash or credit card. The recorded revenue is the gross amount of sales, before netting off credit card fees payable for the transactions. Such fees are included in distribution costs.

(iii) **Sales of services**

Sales of services are recognized in the accounting period in which the services are rendered, by reference to completion of the specific transaction assessed on the basis of the actual service provided as a proportion of the total services to be provided.

(iv) **Interest income**

Interest income is recognized on a time-proportion basis using the effective interest method, taking into account the principal amount outstanding and the interest rates applicable.

(v) **Royalty income**

Royalty income is recognized on an accrual basis in accordance with the substance of the relevant agreements.

2. 主要會計政策（續）

(t) 收入確認（續）

(vi) 股息收入

股息收入於擁有權利收取股息時確認。

(u) 租賃（作為承租人）

(i) 融資租賃

凡租賃條款規定本集團將擁有資產之回報及風險大部分均列為融資租賃。當融資租賃開始時，其租賃資產之公平價值或最低租賃支出之現值，以較低者撥作資本化。為了達至基於財務餘額之固定利率，每一租賃支出被分配為負債及財務支出。相應之租務責任在扣除財務支出後會被納入流動及非流動借貸。財務成本的利息項目會於租賃年期內的損益表中確認，以至產生一個基於每期負債餘額的固定利率。

(ii) 經營租賃

凡租賃條款規定將擁有資產之大部分回報及風險由出租公司保留之租賃，皆列為經營租賃。經營租賃之租金在租賃期內以直線法在損益表內支銷。

(v) 派息

向本公司股東派發之股息，於本公司批准派息的財務期間被確認為本集團財務報表中的一項負債。

2. PRINCIPAL ACCOUNTING POLICIES (continued)

(t) Revenue recognition (continued)

(vi) Dividend income

Dividend income is recognized when the right to receive payment is established.

(u) Leases (as the lessee)

(i) Finance leases

Leases of assets where the Group has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalized at the lease's commencement at the lower of the fair value of the leased property and the present value of the minimum lease payments. Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. The corresponding rental obligations, net of finance charges, is included in current and non-current borrowings. The interest element of the finance cost is recognized in the income statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

(ii) Operating leases

Leases where substantially all the rewards and risks of ownership of assets remain with the leasing company are accounted for as operating leases. Rental payments applicable to such operating leases are charged to the profit and loss account on the straight-line basis over the lease periods.

(v) Dividend distribution

Dividend distribution to the Company's shareholders is recognized as a liability in the Group's financial statements in the period in which the dividends are approved.

2. 主要會計政策（續）

(w) 或然負債

或然負債指因為過往事件而可能引起之承擔，而其存在只能就集團不能完全控制之一宗或多宗不確定未來事件之出現與否而確認。或然負債亦可能因過往事件引致之現有承擔，但由於可能不需要有經濟資源流出，或所須承擔之金額未能可靠衡量而未有記賬。

或然負債不會被確認，但會在財務報表附註中披露。假若資源流出之可能性改變而導致可能出現資源流出，則確認為撥備。

3. 財務風險管理

財務風險因素

本集團之業務使其主要受到貨幣及信貸風險之影響。本集團整體風險管理計劃尋求將對本集團財務報表的潛在風險降至最低限度。如需要時，本集團使用金融衍生工具對沖若干所面對的風險。

(i) 匯兑風險

本集團之國際營運業務易受若干匯兑風險，主要來自不同貨幣換算港元而產生。匯兑風險來自未來商業交易、已確認之資產及負債；和海外經營之投資淨值。

為管理來自未來商業交易和已確認之資產及負債的外匯風險影響，當預期有關貨幣會有重大浮動時，本集團的公司將訂立遠期合約。

本集團於海外業務擁有若干投資，其淨資產易受外匯換算風險。由本集團新設的海外業務；如日本業務所帶來的外匯風險主要是透過以其相關外匯為單位的借貸來管理。

2. PRINCIPAL ACCOUNTING POLICIES (continued)

(w) Contingent liabilities

A contingent liability is a possible obligation that arises from past events and whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group. It can also be a present obligation arising from past events that is not recognized because it is not probable that outflow of economic resources will be required or the amount of obligation cannot be measured reliably.

A contingent liability is not recognized but is disclosed in the notes to the financial statements. When a change in the probability of an outflow occurs so that outflow is probable, they will then be recognized as a provision.

3. FINANCIAL RISK MANAGEMENT

Financial risk factors

The Group's activities exposed it mainly to currency risk and credit risk. The Group's overall risk management programme seeks to minimize potential adverse effects on the Group's financial performance. The Group uses derivative financial instruments to hedge certain risk exposure when necessary.

(i) Foreign exchange risk

The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the Hong Kong dollar. Foreign exchange risk arises from future commercial transactions, recognized assets and liabilities and net investments in foreign operations.

To manage their foreign exchange risk arising from future commercial transactions, recognized assets and liabilities, companies in the Group use forward contracts when major fluctuation in the relevant foreign currency is anticipated.

The Group has certain investments in foreign operations, whose net assets are exposed to foreign currency translation risk. Currency exposure arising from the net assets of the Group's new foreign operation in new markets such as Japan is managed primarily through borrowings denominated in their relevant foreign currencies.

3. 財務風險管理（續）

財務風險因素（續）

(ii) **信貸風險**

本集團並無主要集中性信貸風險。本集團有既定政策確保產品批發給有良好的信貸紀錄之客戶。零售客戶則須支付現金或使用主流信用卡。現金存款只存放於具有良好信貸之財務機構。

(iii) **流動現金風險**

審慎之流動現金風險管理透過維持足夠現金、銀行信貸所提供的金額和償還所有流動負債的能力而顯示。

(iv) **利率風險**

因為本集團沒有重大附帶利息的借貸，本集團之營運現金流量不受市場利率轉變之影響。

4. 重要會計估計及判斷

估計及判斷之評估會不斷地進行，並以過往經驗及其他因素作為基礎，包括在目前情況下對未來事件的合理預期。

重要會計估計及假設

本集團對未來作出推算及假設。所得之會計估計理論上難以與相關的實際結果相同。以下所論述之估計及假設有相當風險會引致須於下個財政年度對資產和負債之賬面值作重大調整。

本集團須於多個司法權區繳納利得稅。在為利得稅釐定全球準備時需要運用相當程度的判斷。於日常業務過程中有頗多未能確定最終稅項之交易及計算。本集團以會否有到期應繳額外稅項之估計而確認預期稅務審計項目之負債。倘該等事宜之最終稅務結果與初步記錄之金額不同，有關差異將影響作出釐定之期間內的利得稅及遞延稅項準備。

3. FINANCIAL RISK MANAGEMENT (continued)

Financial risk factors (continued)

(ii) **Credit risk**

The Group has no significant concentration of credit risk. It has policies in place to ensure that wholesale of products are made to customers with an appropriate credit history. Sales to retail customers are made in cash or via major credit cards. Cash deposits are limited to high-credit-quality financial institutions.

(iii) **Liquidity risk**

Prudent liquidity risk management implies maintaining sufficient cash, availability of funding through an adequate amount of credit facilities from banks and the ability to settle all current liabilities.

(iv) **Interest rate risk**

As the Group has no significant interest-bearing borrowings, the Group's operating cash flows are substantially independent of changes in market interest rates.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Critical accounting estimates and assumptions

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

The Group is subject to income taxes in numerous jurisdictions. Significant judgment is required in determining the worldwide provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognizes liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

5. 營業額、收益及分部資料

5. TURNOVER, REVENUE AND SEGMENT INFORMATION

本集團主要業務為零售及分銷其*Giordano*、*Giordano Ladies*、*Giordano Junior*及*Bluestar Exchange*等品牌之便服及配襯用品。本集團亦同時經營成衣貿易及製造業務，以供應集團零售業務需求，並向本集團以外之人仕供應產品。

The principal business of the Group is retail and distribution of casual apparel and accessories under *Giordano*, *Giordano Ladies*, *Giordano Junior* and *Bluestar Exchange* brands. The Group also carries on garment trading and manufacturing operation, supporting the Group's retail business and supplying products to third parties.

本年度已確認之營業額及收益如下：

Turnover and revenue recognized during the year are as follows:

		集團 Group	
（以港幣百萬元為單位）	*(In HK$ millions)*	**2005**	2004
營業額	**Turnover**		
零售及分銷業務之銷售收入	Sales revenue from retail and distribution operation	**4,002**	3,739
成衣貿易及製造業務之銷售收入	Sales revenue from garment trading and manufacturing operation	**411**	264
		4,413	4,003
其他收益	**Other revenue**		
利息收入	Interest income	**15**	8
佣金收入	Commission income	**11**	8
租金收入	Rental income	**25**	17
特許權收入	Royalty income	**17**	17
其他收入	Other income	**32**	40
		100	90

5. 營業額、收益及分部資料（續）

5. TURNOVER, REVENUE AND SEGMENT INFORMATION (continued)

(a) 主要報告形式－業務分部資料

(a) Primary reporting format – business segments

（以港幣百萬元為單位）	(In HK$ millions)	零售及分銷業務 Retail and distribution 2005	成衣貿易及製造業務 Garment trading and manufacturing 2005	抵銷項 Eliminations 2005	集團 Group 2005
營業額	**Turnover**				
對外銷售	External sales	4,002	411	–	
分部間銷售	Inter-segment sales	–	632	(632)	
		4,002	1,043	(632)	4,413
分部業績	**Segment results**				
經營溢利	Operating profit	460	58	–	518
融資費用	Finance expense				(1)
應佔共同控制公司溢利	Share of profit of jointly controlled companies				20
應佔一聯營公司溢利	Share of profit of an associate				11
除税前溢利	Profit before taxation				548
税項	Taxation				(117)
除税後溢利	Profit after taxation				431
少數股東權益	Minority interests				(25)
股東應佔溢利	Profit attributable to shareholders				406
資產	**Assets**				
分部資產	Segment assets	1,918	344		2,262
共同控制公司權益	Interest in jointly controlled companies	307	9		316
一聯營公司權益	Interest in an associate	30	–		30
未分配之資產	Unallocated corporate assets				362
總資產	Total assets				2,970
負債	**Liabilities**				
分部負債	Segment liabilities	382	133		515
未分配之負債	Unallocated corporate liabilities				240
總負債	Total liabilities				755
其他資料	**Other information**				
資本開支（附註14）	Capital expenditure (Note 14)	102	18		120
折舊（附註6）	Depreciation (Note 6)	102	13		115
租賃土地預付款項攤銷（附註6）	Amortization of leasehold land prepayments (Note 6)	8	–		8

分部間銷售是在正常業務範圍內進行，交易價格及條款可與集團其他第三者客戶相比。

Inter-segment sales were conducted in the normal course of business at prices and terms comparable to the other third party customers of the Group.

5. 營業額、收益及分部資料（續） 5. TURNOVER, REVENUE AND SEGMENT INFORMATION (continued)

(a) 主要報告形式－業務分部資料（續） (a) Primary reporting format – business segments (continued)

（以港幣百萬元為單位）	(In HK$ millions)	零售及分銷業務 Retail and distribution 2004	成衣貿易及製造業務 Garment trading and manufacturing 2004	抵銷項 Eliminations 2004	(重列) (Restated) 集團 Group 2004
營業額	**Turnover**				
對外銷售	External sales	3,739	264	–	
分部間銷售	Inter-segment sales	–	560	(560)	
		3,739	824	(560)	4,003
分部業績	**Segment results**				
經營溢利	Operating profit	437	51	3	491
融資費用	Finance expense				–
應佔一共同控制公司溢利	Share of profit of a jointly controlled company				23
應佔一聯營公司溢利	Share of profit of an associate				10
除稅前溢利	Profit before taxation				524
稅項	Taxation				(106)
除稅後溢利	Profit after taxation				418
少數股東權益	Minority interests				(31)
股東應佔溢利	Profit attributable to shareholders				387
資產	**Assets**				
分部資產	Segment assets	1,774	324		2,098
一共同控制公司權益	Interest in a jointly controlled company	287	–		287
一聯營公司權益	Interest in an associate	25	–		25
未分配之資產	Unallocated corporate assets				307
總資產	Total assets				2,717
負債	**Liabilities**				
分部負債	Segment liabilities	350	124		474
未分配之負債	Unallocated corporate liabilities				210
總負債	Total liabilities				684
其他資料	**Other information**				
資本開支（附註14）	Capital expenditure (Note 14)	128	15		143
折舊（附註6）	Depreciation (Note 6)	90	13		103
租賃土地預付款項攤銷（附註6）	Amortization of leasehold land prepayments (Note 6)	8	1		9

5. 營業額、收益及分部資料（續） 5. TURNOVER, REVENUE AND SEGMENT INFORMATION (continued)

(b) 次要報告形式－地區分部資料 (b) Secondary reporting format – geographical segments

（以港幣百萬元為單位）	*(In HK$ millions)*	營業額 Turnover 2005	資本開支 Capital expenditure 2005	總資產 Total assets 2005
中國大陸	Mainland China	**1,014**	**36**	**982**
香港	Hong Kong	**949**	**23**	**905**
台灣	Taiwan	**782**	**25**	**286**
新加坡	Singapore	**410**	**5**	**107**
澳洲	Australia	**248**	**18**	**65**
日本	Japan	**184**	**2**	**68**
韓國	Korea	**166**	**–**	**–**
其他	Others	**660**	**11**	**187**
		4,413	**120**	**2,600**
共同控制公司權益	Interest in jointly controlled companies			**316**
一聯營公司權益	Interest in an associate			**30**
未分配之資產	Unallocated corporate assets			**24**
總資產	Total assets			**2,970**

（以港幣百萬元為單位）	*(In HK$ millions)*	營業額 Turnover 2004	資本開支 Capital expenditure 2004	總資產 Total assets 2004
中國大陸	Mainland China	958	41	967
香港	Hong Kong	838	27	781
台灣	Taiwan	707	36	275
新加坡	Singapore	395	9	100
澳洲	Australia	213	12	66
日本	Japan	189	5	64
韓國	Korea	134	–	–
其他	Others	569	13	134
		4,003	143	2,387
一共同控制公司權益	Interest in a jointly controlled company			287
一聯營公司權益	Interest in an associate			25
未分配之資產	Unallocated corporate assets			18
總資產	Total assets			2,717

由於按以上地區劃分之營業額與溢利之相對比例值並無重大差異，故此並無列出按照地區劃分之溢利分析。

There is no major disparity in the ratios between turnover and profit in relation to the above geographical locations, hence no analysis was presented on profit contributions from the above geographical locations.

6. 經營溢利 6. OPERATING PROFIT

(以港幣百萬元為單位)	(In HK$ millions)	集團 Group 2005	(重列) (Restated) 集團 Group 2004
經營溢利已扣除下列各項：	**The operating profit is stated after charging:**		
租賃土地預付款項攤銷	Amortization of leasehold land prepayments	**8**	9
核數師酬金	Auditors' remuneration	**3**	3
物業、機器及設備折舊	Depreciation of property, plant and equipment	**113**	103
投資物業折舊	Depreciation of investment property	**2**	–
出售物業、機器及設備之淨虧損	Net loss on disposal of property, plant and equipment	**2**	5
土地及樓宇之經營租賃費用	Operating lease rentals in respect of land and buildings		
－最低租金支出	– minimum lease payments	**530**	448
－或然租金費用	– contingent rent	**178**	171
陳舊存貨準備及存貨撇銷	Provision for obsolete stock and stock written off	**10**	11
員工成本(附註8)	Staff costs (Note 8)	**614**	547
並已計入：	**and after crediting:**		
暫時轉讓出口配額所得之收入淨額	Net income arising from the temporary transfer of export quota entitlements	**–**	5

7. 融資費用 / 7. FINANCE EXPENSE

(以港幣百萬元為單位)	(In HK$ millions)	集團 Group 2005	2004
銀行貸款利息	Interest on bank loans	**1**	–

8. 員工成本 / 8. STAFF COSTS

(以港幣百萬元為單位)	(In HK$ millions)	集團 Group 2005	2004
薪金及工資（包括董事酬金）	Salaries and wages (including directors' emoluments)	**578**	520
退休金－界定供款計劃	Pension cost – defined contribution plans	**35**	27
退休金－界定福利計劃	Pension cost – defined benefit plans	**1**	–
		614	547

本年度內，僱主運用未能領取之供款為港幣二萬元（二零零四年：無）以減低供款水平。於二零零五年十二月三十一日，此等可供來年使用之未能領取供款為港幣五萬元（二零零四年：港幣七萬元）。

During the year, the unvested benefits utilized by the employers to reduce the level of contributions was HK$0.02 million (2004: Nil). As at December 31, 2005, the amounts of the unvested benefits available to be utilized for the following year was HK$0.05 million (2004: HK$0.07 million).

9. 董事及高級管理人員酬金

9. DIRECTORS' AND SENIOR MANAGEMENT'S EMOLUMENTS

(a) 董事酬金

截至二零零五年十二月三十一日止年度內各董事的酬金詳列如下：

(a) Directors' emoluments

The remuneration of every director for the year ended December 31, 2005 is set out below:

董事姓名	Name of Directors	袍金 Fees	薪金 Salaries	花紅 Bonuses	其他津貼# Other benefits#	僱主退休金供款 Employer's contribution to pension schemes	2005 合計 Total	2004 合計 Total
		HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$ '000*
劉國權	LAU Kwok Kuen, Peter	-	2,537	10,188	1,197	19	13,941	15,643
馮永昌	FUNG Wing Cheong, Charles	-	1,808	-	78	45	1,931	2,191
馬灼安	MAH Chuck On, Bernard	-	2,132	1,050	239	12	3,433	2,644
歐文柱*	AU Man Chu, Milton*	275	-	-	-	-	275	230
畢滌凡*	Barry John BUTTIFANT*	275	-	-	-	-	275	275
鄺其志*	KWONG Ki Chi*	138	-	-	-	-	138	94
李鵬飛*	LEE Peng Fei, Allen*	275	-	-	-	-	275	275
		963	6,477	11,238	1,514	76	20,268	21,352

* *獨立非執行董事。*

\# *其他收益包括保險供款，房屋及稅項津貼。*

* *Independent non-executive directors.*

\# *Other benefits include insurance premium, housing and tax allowances.*

於本年度內，劉國權先生放棄部份酬金為港幣三百萬元。

During the year, Mr. LAU Kwok Kuen, Peter waived part of the emoluments amounting to HK$3 million.

9. 董事及高級管理人員酬金（續）

9. DIRECTORS' AND SENIOR MANAGEMENT'S EMOLUMENTS (continued)

(a) 董事酬金（續）

於本年度內，向本公司董事支付之酬金總額如下：

(a) Directors' emoluments (continued)

The aggregate amounts of emoluments payable to directors of the Company during the year are as follows:

（以港幣百萬元為單位）	*(In HK$ millions)*	**2005**	2004
袍金	Fees	**1**	1
其他酬金：	Other emoluments:		
基本薪金、房屋津貼、其他津貼及實物收益	Basic salaries, housing allowances, other allowances and benefits in kind	**8**	8
花紅	Bonuses	**11**	12
退休金供款	Pension contributions	**–**	–
		20	21

(b) 五位最高薪職員

本集團五位最高薪職員中包括三位（二零零四年：三位）董事，其酬金之詳情已於上文披露。於本年度內，付予餘下兩位（二零零四年：兩位）最高薪職員酬金總額如下：

(b) Five highest paid individuals

The five individuals whose emoluments were the highest in the Group for the year include three (2004: three) directors whose emoluments are reflected in the analysis presented above. The emoluments payable to the remaining two (2004: two) individuals during the year are as follows:

（以港幣百萬元為單位）	*(In HK$ millions)*	**2005**	2004
基本薪金、房屋津貼、其他津貼及實物收益	Basic salaries, housing allowances, other allowances and benefits in kind	**3**	3
花紅	Bonuses	**–**	–
退休金供款	Pension contributions	**–**	–
		3	3

9. 董事及高級管理人員酬金（續） 9. DIRECTORS' AND SENIOR MANAGEMENT'S EMOLUMENTS (continued)

(b) 五位最高薪職員（續） (b) Five highest paid individuals (continued)

餘下最高薪職員按酬金組別歸類如下：

The emoluments of the remaining highest paid individuals fell within the following bands:

酬金組別 Emolument bands	人數 Number of individuals 2005	2004
港幣 HK$		
1,500,001 – 2,000,000	**2**	2

10. 稅項 10. TAXATION

綜合損益表內之稅項支出為：

The charge for taxation in the consolidated profit and loss account represents:

（以港幣百萬元為單位）	*(In HK$ millions)*	集團 Group 2005	（重列） (Restated) 2004
公司及附屬公司：	**Company and subsidiaries:**		
所得稅項	**Income tax**		
本年度所得稅項	Current income tax		
－香港利得稅	– Hong Kong profits tax	**33**	31
－海外稅項	– Overseas taxation	**83**	62
過往年度準備(剩餘)/不足	(Over)/under provision in previous year		
－香港利得稅	– Hong Kong profits tax	**–**	1
－海外稅項	– Overseas taxation	**(2)**	(1)
		114	93
扣繳稅項	**Withholding tax**	**3**	3
遞延稅項	**Deferred tax**		
關於短暫性差異之衍生及撥回	Relating to the origination and reversal of temporary differences	**–**	10
稅項支出	Taxation charge	**117**	106

10. 稅項（續）

10. TAXATION (continued)

本集團之稅項支出與本公司以本港稅率而計算之除稅前溢利稅項之調節表如下：

Reconciliation of Group's profit before taxation at the tax rate of Hong Kong to the taxation charge is as follows:

(以港幣百萬元為單位)	(In HK$ millions)	集團 Group 2005	(重列) (Restated) 2004
除稅前溢利（不包括應佔共同控制公司及一聯營公司溢利）	Profit before taxation (before share of profit in jointly controlled companies and an associate)	**517**	491
按稅率百分之十七點五（二零零四年：百分之十七點五）計算	Calculated at a taxation rate of 17.5% (2004: 17.5%)	**91**	86
其他國家不同稅率之影響	Effect of different tax rates in other countries	**24**	6
不可扣稅之支出	Expenses not deductible for tax purpose	**8**	7
未有確認之遞延稅項資產	Deferred tax assets not recognized	**3**	4
無須課稅之收入	Income not subject to tax	**(17)**	(13)
使用早前未有確認之稅損	Utilization of previously unrecognized tax losses	**–**	(1)
扣繳稅項	Withholding tax	**10**	17
過往年度準備剩餘	Over provision in previous year	**(2)**	–
稅項支出	Taxation charge	**117**	106

10. 稅項（續）

10. TAXATION (continued)

資產負債表內之稅項為：

The amount of taxation in the balance sheets represents:

(以港幣百萬元為單位)	(In HK$ millions)	集團 Group 2005	2004
香港利得稅	Hong Kong profits tax	**13**	14
海外稅項	Overseas taxation	**59**	44
		72	58

本公司及其香港附屬公司之稅項準備是根據本年度從香港賺取或源自香港之估計應課稅溢利按現稅率百分之十七點五（二零零四年：百分之十七點五）計算。

The provision for taxation of the Company and its Hong Kong subsidiaries is calculated by applying the current rate of taxation of 17.5 percent (2004: 17.5 percent) to the estimated assessable profits earned in or derived from Hong Kong during the year.

其他於海外經營之附屬公司之利得稅項是根據適用於各司法權區之稅率而計算。

Taxation on the profits of other subsidiaries operating overseas is calculated at the rates applicable in the respective jurisdictions.

本集團現正與台灣稅局申辯有關本集團在台灣之若干銷售之稅項處理。預期此申辯不會對本集團之財務狀況有重大影響。

The Group has a dispute with the tax authority in Taiwan with respect to tax treatment on certain of the Group's sales in Taiwan. The dispute is not expected to have any material impact on the financial position of the Group.

11. 股東應佔溢利

11. PROFIT ATTRIBUTABLE TO SHAREHOLDERS

股東應佔集團之綜合溢利為港幣四億零六百萬元（二零零四年：港幣三億八千七百萬元（重列）），其中計入本公司之股東應佔溢利為港幣三億零四百萬元（二零零四年：港幣六億九千一百萬元（重列）），其中包括來自附屬公司之股息為港幣三億元（二零零四年：港幣七億零八百萬元），已在本公司之財務報表內計入。

Included in the Group's consolidated profit of HK$406 million (2004: HK$387 million (restated)), profit attributable to shareholders of the Company is HK$304 million (2004: HK$691 million (restated)), including dividends from subsidiaries of HK$300 million (2004: HK$708 million) which is dealt with in the Company's own financial statements.

12. 股 息

12. DIVIDENDS

(a) 本年度股息如下：

(a) Dividends attributable to the year:

(以港幣百萬元為單位)	*(In HK$ millions)*	**2005**	2004
已宣布及已派發之中期股息每股港幣四點五仙（二零零四年：每股港幣四仙）	Interim dividend declared and paid of 4.5 HK cents (2004: 4.0 HK cents) per share	**67**	58
已宣布及已派發之特別中期股息每股港幣二仙（二零零四年：每股港幣一點五仙）	Special interim dividend declared and paid of 2.0 HK cents (2004: 1.5 HK cents) per share	**30**	22
		97	80
於結算日後建議之末期股息每股港幣五仙（二零零四年：每股港幣四點五仙）	Final dividend proposed after balance sheet date of 5.0 HK cents (2004: 4.5 HK cents) per share	**75**	65
於結算日後建議之特別末期股息每股港幣一角五仙（二零零四年：每股港幣一角三仙）	Special final dividend proposed after balance sheet date of 15.0 HK cents (2004: 13.0 HK cents) per share	**223**	189
		298	254
		395	334

於二零零六年三月二十一日舉行之董事會會議上，董事建議派發末期及特別末期股息分別為每股港幣五仙及港幣一角五仙。此項擬派股息在結算當日並無確認為負債。

At the board meeting held on March 21, 2006, the directors proposed final and special final dividends of 5.0 HK cents and 15.0 HK cents per share respectively. These proposed dividends have not been recognized as a liability at the balance sheet date.

12. 股息（續）

12. DIVIDENDS (continued)

(b) 屬於上一年度，並於本年內通過及支付的股息：

(b) Dividends attributable to the previous year, approved and paid during the year:

（以港幣百萬元為單位）	*(In HK$ millions)*	**2005**	2004
已批准及已派發二零零四年末期股息每股港幣四點五仙（二零零三年：每股港幣四點五仙）	2004 final dividend approved and paid of 4.5 HK cents (2003: 4.5 HK cents) per share	**67**	65
已批准及已派發二零零四年特別末期股息每股港幣一角三仙（二零零三年：每股港幣一角二仙）	2004 special final dividend approved and paid of 13.0 HK cents (2003: 12.0 HK cents) per share	**193**	173
		260	238

13. 每股盈利

13. EARNINGS PER SHARE

每股基本及攤薄盈利乃按本年度股東應佔綜合溢利港幣四億零六百萬元（二零零四年：港幣三億八千七百萬元（重列））計算。

The calculations of basic and diluted earnings per share are based on the consolidated profit attributable to shareholders for the year of HK$406 million (2004: HK$387 million (restated)).

每股基本盈利乃按本年度內已發行股份之加權平均股數十四億七千七百四十七萬零六十六股（二零零四年：十四億四千七百一十八萬四千七百零八股）而計算。

The basic earnings per share is based on the weighted average of 1,477,470,066 shares (2004: 1,447,184,708 shares) in issue during the year.

每股攤薄盈利乃按十四億七千七百四十七萬零六十六股（二零零四年：十四億四千七百一十八萬四千七百零八股），即本年內已發行股份之加權平均股數，加上假設根據本公司購股權計劃授出之所有未行使購股權皆已行使而發行之股份之加權平均股數五百三十四萬九千九百四十六股（二零零四年：一千七百二十一萬一千三百六十六股）計算。

The diluted earnings per share is based on 1,477,470,066 shares (2004: 1,447,184,708 shares) which is the weighted average number of shares in issue during the year plus the weighted average of 5,349,946 shares (2004: 17,211,366 shares) deemed to be issued if all outstanding share options granted under the share option schemes of the Company had been exercised.

14. 物業、機器及設備 / 14. PROPERTY, PLANT AND EQUIPMENT

集團 / Group

(以港幣百萬元為單位)	*(In HK$ millions)*	永久業權之土地及樓宇 Freehold land & building	樓宇 Buildings	機器 Plant	租賃物業裝修、傢俬及辦公室設備 Leasehold improvements, furniture & office equipment	汽車 Motor vehicles	合計 Total
成本值	**Cost**						
於二零零五年一月一日(重列)	At January 1, 2005 (restated)	38	125	75	619	19	876
換算差額	Translation difference	(1)	–	–	(10)	–	(11)
重新分類至投資物業	Reclassified to investment property	–	(101)	–	–	–	(101)
添置	Additions	–	–	11	108	1	120
出售	Disposals	–	–	(3)	(37)	(1)	(41)
於二零零五年十二月三十一日	At December 31, 2005	37	24	83	680	19	843
累積折舊	**Accumulated depreciation**						
於二零零五年一月一日(重列)	At January 1, 2005 (restated)	6	10	62	439	13	530
換算差額	Translation difference	–	–	–	(7)	–	(7)
重新分類至投資物業	Reclassified to investment property	–	(11)	–	–	–	(11)
本年度折舊	Charge for the year	–	1	5	105	2	113
出售	Disposals	–	–	(2)	(35)	(1)	(38)
於二零零五年十二月三十一日	At December 31, 2005	6	–	65	502	14	587
於二零零五年十二月三十一日之賬面淨值	**Net book value at December 31, 2005**	31	24	18	178	5	256

14. 物業、機器及設備（續）

14. PROPERTY, PLANT AND EQUIPMENT (continued)

集團

Group

（以港幣百萬元為單位）	(In HK$ millions)	永久業權之土地及樓宇 Freehold land & building	（重列） (Restated) 樓宇 Buildings	機器 Plant	租賃物業裝修、傢俬及辦公室設備 Leasehold improvements, furniture & office equipment	汽車 Motor vehicles	（重列） (Restated) 合計 Total
成本值	**Cost**						
於二零零四年一月一日（重列）	At January 1, 2004 (restated)	36	124	66	548	18	792
換算差額	Translation difference	2	–	–	11	–	13
添置	Additions	–	1	9	130	3	143
出售	Disposals	–	–	–	(70)	(2)	(72)
於二零零四年十二月三十一日（重列）	At December 31, 2004 (restated)	38	125	75	619	19	876
累積折舊	**Accumulated depreciation**						
於二零零四年一月一日（重列）	At January 1, 2004 (restated)	6	7	57	401	13	484
換算差額	Translation difference	–	–	–	8	–	8
本年度折舊	Charge for the year	–	3	5	93	2	103
出售	Disposals	–	–	–	(63)	(2)	(65)
於二零零四年十二月三十一日（重列）	At December 31, 2004 (restated)	6	10	62	439	13	530
於二零零四年十二月三十一日之賬面淨值（重列）	**Net book value at December 31, 2004 (restated)**	32	115	13	180	6	346

14. 物業、機器及設備（續） 14. PROPERTY, PLANT AND EQUIPMENT (continued)

集團 **Group**

(a) 於二零零五年及二零零四年十二月三十一日，並無融資物業、機器及設備。

(a) At December 31 of 2005 and 2004, no property, plant and equipment was held under finance lease.

(b) 永久業權之土地及樓宇位於台灣。

(b) The freehold land and building is situated in Taiwan.

(c) 樓宇之賬面淨值分析如下：

(c) The analysis of the net book value of buildings is as follows:

		(重列) (Restated) 集團 Group		(重列) (Restated) 公司 Company	
（以港幣百萬元為單位）	*(In HK$ millions)*	**2005**	2004	**2005**	2004
在香港持有	In Hong Kong, held on				
－十年至五十年租約	– leases of between 10 and 50 years	**19**	20	**10**	10
在香港以外持有	Outside Hong Kong, held on				
－十年至五十年租約	– leases of between 10 and 50 years	**2**	92	**–**	–
－多於五十年租約	– leases of over 50 years	**3**	3	**–**	–
		5	95	**–**	–
於十二月三十一日	At December 31	**24**	115	**10**	10

14. 物業、機器及設備（續） 14. PROPERTY, PLANT AND EQUIPMENT (continued)

公司 Company

（以港幣百萬元為單位）	(In HK$ millions)	樓宇 Buildings	租賃物業裝修、傢俬及辦公室設備 Leasehold improvements, furniture & office equipment	合計 Total
成本值	**Cost**			
於二零零五年一月一日（重列）及二零零五年十二月三十一日	At January 1, 2005 (restated) and December 31, 2005	**11**	**3**	**14**
累積折舊	**Accumulated depreciation**			
於二零零五年一月一日（重列）及二零零五年十二月三十一日	At January 1, 2005 (restated) and December 31, 2005	**1**	**3**	**4**
於二零零五年十二月三十一日之賬面淨值	**Net book value at December 31, 2005**	**10**	**–**	**10**

（以港幣百萬元為單位）	(In HK$ millions)	（重列）(Restated) 樓宇 Buildings	租賃物業裝修、傢俬及辦公室設備 Leasehold improvements, furniture & office equipment	（重列）(Restated) 合計 Total
成本值	**Cost**			
於二零零四年一月一日及二零零四年十二月三十一日（重列）	At January 1, 2004 and December 31, 2004 (restated)	11	3	14
累積折舊	**Accumulated depreciation**			
於二零零四年一月一日（重列）	At January 1, 2004 (restated)	1	2	3
本年度折舊	Charge for the year	–	1	1
於二零零四年十二月三十一日（重列）	At December 31, 2004 (restated)	1	3	4
於二零零四年十二月三十一日之賬面淨值（重列）	**Net book value at December 31, 2004 (restated)**	10	–	10

15. 投資物業

於本年內，本集團持有一物業作長期收租及非由本集團全部佔用作生產或辦公室用途。該物業由樓宇重新分類至投資物業。該物業之租賃土地部分已在附註十九內分類為租賃土地及租金預付款項。

15. INVESTMENT PROPERTY

During the year, the Group has a property which is held for long-term rental yields and not wholly occupied by the Group for use in the production or office purposes. Such property is reclassified from buildings to investment property. The property's leasehold land portion is classified under leasehold land and rental prepayments under note 19.

		集團 Group	
(以港幣百萬元為單位)	*(In HK$ millions)*	**2005**	2004
成本值	**Cost**		
於一月一日	At January 1	**–**	–
從自用物業並重新分類	Reclassified from owner-occupied property	**101**	–
於十二月三十一日	At December 31	**101**	–
累積折舊	**Accumulated depreciation**		
於一月一日	At January 1	**–**	–
從自用物業並重新分類	Reclassified from owner-occupied property	**11**	–
本年度折舊	Charge for the year	**2**	–
於十二月三十一日	At December 31	**13**	–
於十二月三十一日之賬面淨值	**Net book value at December 31**	**88**	–

該投資物業於二零零五年十二月三十一日之公平值由持有專業資格之漢華評值有限公司估值。估值乃根據土地現有市價及廠房樓齡、現有狀況及功能老化等因數調整後之重置價而作出估計。於二零零五年十二月三十一日，該物業（包括租賃土地及樓宇部分）之總公平值為港幣一億四千萬元（二零零四年：港幣一億三千九百萬元）。在損益表中已包括該投資物業之租金收入港幣八百萬元。

The fair value of the investment property at December 31, 2005 was assessed by independent professional qualified valuer, Greater China Appraisal Limited. Valuation was based on current market value of the land and on estimate of the replacement cost of building adjusted for age, condition and functional obsolescence. The total fair value of the property, including leasehold land and the building portion, was HK$140 million as at December 31, 2005 (2004: HK$139 million). In the profit and loss account, rental income relating to investment property of HK$8 million was included.

15. 投資物業（續） 15. INVESTMENT PROPERTY (continued)

投資物業之賬面淨值分析如下：

The net book value of the investment property is analyzed as follows:

		集團 Group 2005	2004
(以港幣百萬元為單位)	*(In HK$ millions)*	**2005**	2004
在香港以外持有十年至五十年租約	Outside Hong Kong, held on lease of between 10 and 50 years	**88**	–

16. 附屬公司權益 16. INTEREST IN SUBSIDIARIES

		公司 Company 2005	2004
(以港幣百萬元為單位)	*(In HK$ millions)*	**2005**	2004
非上市投資(成本值)	Unlisted investment (at cost)	**898**	898
應收附屬公司款項	Amounts due from subsidiaries	**980**	1,020
應付附屬公司款項	Amounts due to subsidiaries	**–**	(100)

於二零零五年及二零零四年結算日，應收/(應付)附屬公司款項均為免息、無抵押及按要求還款。

As at the balance sheet date of 2005 and 2004, amounts due from/(to) subsidiaries are non-interest bearing, unsecured and repayable on demand.

主要附屬公司之詳情載於第一百一十頁至一百一十三頁之財務報表附註32。

Details of principal subsidiaries are set out in note 32 to the financial statements on pages 110 to 113.

17. 共同控制公司權益

於本年度內，本集團投資於兩間共同控制公司及將其中一間聯營公司重新分類為共同控制公司。於過往年度，該分類為聯營公司之投資以權益法處理。於年內，本集團經考慮後，認為由二零零五年一月一日起將此項投資重新分類為共同控制公司較為恰當，惟仍以權益法確認其業績。此項變改對本集團之業績並無影響。於二零零四年十二月三十一日，該聯營公司權益港幣二億八千七百萬元已經重列於共同控制公司權益內，而截至二零零四年十二月三十一日止年度之應佔聯營公司溢利港幣二千三百萬元亦已重列於應佔共同控制公司溢利內。

於二零零五年十二月三十一日，本集團持有以下共同控制公司股份：

17. INTEREST IN JOINTLY CONTROLLED COMPANIES

During the year, the Group made investment in two jointly controlled companies and reclassified one of its associates as a jointly controlled company. In prior years, the investment classified as an associate was accounted for under the equity method. In the current year, the Group considered that it is more appropriate to classify this investment as a jointly controlled company commencing from January 1, 2005 and to recognize its results using the equity method. This change in classification has no effect on the Group's results. The interest in the associate of HK$287 million at December 31, 2004 has been restated as interest in jointly controlled companies and the share of profit of an associate of HK$23 million for the year ended December 31, 2004 has been restated as share of profit of jointly controlled companies.

At December 31, 2005, the Group held shares in the following jointly controlled companies:

共同控制公司名稱 Name of jointly controlled company	成立及經營地點 Place of incorporation and operation	持有股份百分比率 Percentage of equity holding		已發行及全數繳足股本 Issued and fully paid share capital	主要業務 Principal activities
		2005	2004		
Giordano Corporation Limited	大韓民國 Republic of Korea	**49.5**	49.7	一百萬零九千三百六十股每股面值五千韓國圜之普通股 1,009,360 common stock of WON5,000 each	經營零售服裝及配襯用品 Retailing of apparel and accessories
Higrowth Ventures Limited	英屬處女群島 British Virgin Islands	**49.0**	–	四十九股A類別及五十一股B類別每股面值各一美元之普通股 49 Class A and 51 Class B ordinary shares of US$1 each	投資控股 Investment holding
昌耀企業有限公司 Cheong Yiu Enterprises Limited	香港 Hong Kong	**49.0**	–	二十萬股每股面值港幣一元之普通股 200,000 ordinary shares of HK$1 each	經營包裝物料貿易 Trading of packaging products

17. 共同控制公司權益（續）

17. INTEREST IN JOINTLY CONTROLLED COMPANIES (continued)

以下為本集團所佔該等共同控制公司之資產、負債及業績，並已包括在集團資產負債表及綜合損益表內：

The following amounts, representing the Group's share of the assets, liabilities and results of jointly controlled companies, were included in the Group's balance sheet and consolidated profit and loss account:

		集團 Group	（重列） (Restated)
（以港幣百萬元為單位）	*(In HK$ millions)*	**2005**	2004
流動資產	Current assets	**251**	193
流動負債	Current liabilities	**(67)**	(24)
非流動資產	Non-current assets	**137**	120
非流動負債	Non-current liabilities	**(5)**	(2)
所佔資產淨值	Share of net assets	**316**	287
收入	Income	**564**	444
費用	Expense	**(537)**	(417)
除税前溢利	Profit before taxation	**27**	27
税項	Taxation	**(7)**	(4)
應佔除税後溢利	Share of profit after taxation	**20**	23
按比例應佔共同控制公司經營租賃之承擔	Proportionate interest in jointly controlled companies' operating lease commitments	**22**	24

本集團所持有之共同控制公司之權益並沒有涉及任何或然負債，而該等共同控制公司本身亦無任何或然負債。

There are no contingent liabilities relating to the Group's interest in the jointly controlled companies, and no contingent liabilities of the companies itself.

18. 聯營公司權益

18. INTEREST IN AN ASSOCIATE

於二零零五年十二月三十一日，本集團持有以下聯營公司股份：

At December 31, 2005, the Group held shares in the following associate:

聯營公司名稱 Name of associate	成立及經營地點 Place of incorporation and operation	持有股份百分比率 Percentage of equity holding		已發行及全數繳足股本 Issued and fully paid share capital	主要業務 Principal activities
		2005	2004		
Giordano Fashions L.L.C.	阿拉伯聯合酋長國 United Arab Emirates	**20.0**	20.0	三千股每股面值一千沙地阿拉伯聯合酋長國迪拉姆之股份 3,000 shares of AED1,000 each	經營零售服裝及配襯用品 Retailing of apparel and accessories

本集團持有之非上市聯營公司權益如下：

The Group's interest in its unlisted associate was as follows:

(以港幣百萬元為單位)	*(In HK$ millions)*	集團 Group **2005**	(重列) (Restated) 2004
資產	Assets	**39**	34
負債	Liabilities	**(9)**	(9)
所佔資產淨值	Share of net assets	**30**	25
收入	Income	**66**	58
除稅前溢利	Profit before taxation	**11**	10
稅項	Taxation	**–**	–
應佔除稅後溢利	Share of profit after taxation	**11**	10

19. 租賃土地及租金預付款項 19. LEASEHOLD LAND AND RENTAL PREPAYMENTS

集團 **Group**

(以港幣百萬元為單位)	(In HK$ millions)	租賃土地預付款項 Leasehold land prepayments 2005	租金預付款項 Rental prepayments 2005	合計 Total 2005	2004
於一月一日之賬面淨值(重列)	Net book value at January 1 (restated)	**263**	**79**	**342**	355
換算差額	Translation difference	**–**	**2**	**2**	1
出售	Disposal	**(5)**	**–**	**(5)**	–
本年度攤銷	Amortization for the year	**(8)**	**(5)**	**(13)**	(14)
於十二月三十一日之賬面淨值(重列)	Net book value at December 31 (restated)	**250**	**76**	**326**	342
短期部分	Current portion	**(8)**	**(5)**	**(13)**	(13)
長期部分	Long-term portion	**242**	**71**	**313**	329

公司 **Company**

本公司之租賃土地預付款項分析如下： Leasehold land prepayments of the Company is analyzed as follows:

(以港幣百萬元為單位)	(In HK$ millions)	2005	2004
於一月一日之賬面淨值(重列)	Net book value at January 1 (restated)	**176**	181
本年度攤銷	Amortization for the year	**(5)**	(5)
於十二月三十一日之賬面淨值(重列)	Net book value at December 31 (restated)	**171**	176
短期部分	Current portion	**(5)**	(5)
長期部分	Long-term portion	**166**	171

19. 租賃土地及租金預付款項（續）

19. LEASEHOLD LAND AND RENTAL PREPAYMENTS (continued)

租賃土地預付款項乃指已預付的經營租賃支出。該等成本值是按剩餘租賃年期攤銷，其賬面淨值分析如下：

Leasehold land prepayments represent prepaid operating lease payments. The costs are amortized over the leasehold period and their net book values are analyzed as follows:

		集團 Group		公司 Company	
（以港幣百萬元為單位）	*(In HK$ millions)*	**2005**	2004	**2005**	2004
在香港以內持有	In Hong Kong, held on				
－十年至五十年租約	– leases of between 10 to 50 years	**180**	185	**171**	176
在香港以外持有	Outside Hog Kong, held on				
－十年至五十年租約	– leases of between 10 to 50 years	**44**	51	**–**	–
－多於五十年租約	– leases of over 50 years	**26**	27	**–**	–
		250	263	**171**	176

20. 存貨

20. INVENTORIES

		集團 Group	
（以港幣百萬元為單位）	*(In HK$ millions)*	**2005**	2004
原料	Raw materials	**50**	51
在製貨品	Work in progress	**39**	31
製成品	Finished goods	**280**	249
		369	331

存貨值已被確認為費用並記賬在銷售成本中為港幣二十一億七千萬元（二零零四年：港幣十九億六千八百萬元）。

The cost of inventories were recognized as expense and included in cost of goods sold amounted to HK$2,170 million (2004: HK$1,968 million).

21. 應收賬款及其他應收款 21. TRADE AND OTHER RECEIVABLES

		集團 Group (重列) (Restated)		公司 Company	
(以港幣百萬元為單位)	*(In HK$ millions)*	**2005**	2004	**2005**	2004
應收賬款	Trade receivables	**273**	223	**–**	–
減：減值撥備	Less: Provision for impairment	**(10)**	(10)	**–**	–
應收賬款淨值	Trade receivables – net	**263**	213	**–**	–
其他應收款、訂金及預付款項	Other receivables, deposits and prepayments	**144**	147	**3**	1
		407	360	**3**	1

除現金及信用卡銷售外，本集團在正常情況下給予其貿易客戶平均六十日信貸期。

Other than cash and credit card sales, the Group normally allows an average credit period of 60 days to its trade customers.

以下為應收賬款之賬齡分析：

The ageing analysis of trade receivables is as follows:

		集團 Group	
(以港幣百萬元為單位)	*(In HK$ millions)*	**2005**	2004
零至三十日	0 – 30 days	**202**	147
三十一至六十日	31 – 60 days	**36**	50
六十一至九十日	61 – 90 days	**14**	10
逾九十日	Over 90 days	**11**	6
合計	Total	**263**	213

應收賬款之賬面值約以公平值列賬。因集團之顧客分散於世界各地，故有關之應收賬款並無集中性之信貸風險。

The carrying amount of trade receivables are stated approximately at fair value. There is no concentration of credit risk with respect to trade receivables as the Group has a large number of internationally dispersed customers.

22. 股本 / 22. SHARE CAPITAL

(以港幣百萬元為單位)	(In HK$ millions)	2005	2004
法定：	**Authorized:**		
二十億股每股面值港幣五仙之普通股	2,000,000,000 ordinary shares of HK$0.05 each	**100**	100
已發行及全數繳足：	**Issued and fully paid:**		
十四億八千九百六十三萬零五百一十八股(二零零四年：十四億五千零五十九萬一千五百一十八股)每股面值港幣五仙之普通股	1,489,630,518 ordinary shares (2004: 1,450,591,518 ordinary shares) of HK$0.05 each	**74**	73

於本年度內，已發行股本之變動情況如下：

Details of the movement in the issued share capital during the year are set out below:

		股份數目 Number of shares 2005	2004
每股面值港幣五仙之普通股	Ordinary shares of HK$0.05 each		
於一月一日	At January 1	**1,450,591,518**	1,442,198,518
發行股份	Issue of shares	**39,039,000**	8,393,000
於十二月三十一日	At December 31	**1,489,630,518**	1,450,591,518

(a) 發行股份

按本公司之購股權計劃，於本年度內，本公司因購股權持有人行使購股權附予之權利而發行了每股面值港幣五仙之新普通股股份共三千九百零三萬九千股。

本公司於本年度內發行之所有新發行普通股與本公司當時已有之股份在各方面均享有同等權益。

(a) Issue of shares

Pursuant to the share option schemes of the Company, the Company issued 39,039,000 new ordinary shares of HK$0.05 each in the capital of the Company to option-holders who exercised their rights attached to share options during the year.

All the new ordinary shares issued by the Company in the year ranked pari passu with the then existing shares of the Company in all respects.

(b) 購股權資料

購股權計劃之摘要及本公司購股權於本年度內之變動詳情載於第一百一十四至一百一十九頁。

(b) Share option information

A summary of the share option schemes and details of the movement in share options of the Company during the year are set out on pages 114 to 119.

(c) 回購股份

本公司於本年度內並無購回任何其股份。

(c) Repurchase of shares

During the year, the Company did not repurchase any of its shares.

(d) 一共同控制公司所持有的股份

於二零零五年十二月三十一日，一共同控制公司持有本公司一百八十萬股普通股股份(二零零四年：一百八十萬股)。

(d) Shares held by a jointly controlled company

At December 31, 2005, 1,800,000 ordinary shares (2004: 1,800,000 shares) were held by a jointly controlled company.

23. 儲備

於二零零五年十二月三十一日，本集團及本公司之儲備分析如下 ：

23. RESERVES

The reserves of the Group and the Company as at December 31, 2005 are analyzed as follows:

(以港幣百萬元為單位)	(In HK$ millions)	集團 Group 2005	(重列) (Restated) 集團 Group 2004	公司 Company 2005	(重列) (Restated) 公司 Company 2004
繳入盈餘	Contributed surplus	**383**	383	**540**	540
資本贖回儲備	Capital redemption reserve	**3**	3	**3**	3
股份溢價	Share premium	**602**	489	**602**	489
購股權儲備	Share options reserve	**10**	7	**10**	7
匯兑儲備	Exchange reserve	**(30)**	(32)	**–**	–
其他儲備	Other reserves	**119**	118	**–**	–
滾存溢利	Retained profits	**663**	659	**478**	575
		1,750	1,627	**1,633**	1,614
擬派末期及特別末期股息（附註12(a)）	Proposed final and special final dividends (Note 12(a))	**298**	254	**298**	254
總儲備	Total reserves	**2,048**	1,881	**1,931**	1,868

其他儲備之詳情如下：

(a) 根據中國大陸有關法律及財務法規，中國大陸之附屬公司之法定儲備基金可用於彌補往年虧損（如有）及用以增加該等附屬公司之資本額。

(b) 根據韓國税務獎勵限制法例及韓國商業準則，大韓民國之共同控制公司之法定儲備基金及其他儲備只可以用作抵銷未來虧損或轉作資本，而不可用作現金股息派發。

(c) 根據阿拉伯聯合酋長國商業公司法例，阿拉伯聯合酋長國之聯營公司之法定儲備基金，除聯邦法規定外，不可作分配之用。

Details of other reserves are as follows:

(a) According to the relevant laws and financial regulations, the statutory reserve funds of the subsidiaries in Mainland China may be used to make up prior years' losses, if any, and to increase the capital of the subsidiaries.

(b) In accordance with the Korean Tax Incentive Limitation Law and Korean Commercial Code, the statutory reserve fund and other reserves of the jointly controlled company in the Republic of Korea may only be used to offset a future deficit or be transferred to capital stock, but not for cash dividends.

(c) According to the United Arab Emirates Commercial Companies Law, the statutory reserve fund of the associate in United Arab Emirates is not available for distribution except as provided in the Federal Law.

24. 遞延稅項

24. DEFERRED TAXATION

遞延稅項採用負債法就短暫性差異按基本稅率百分之十七點五(二零零四年:百分之十七點五)作全數撥備。

Deferred taxation is calculated in full on temporary differences under the liability method using a principal taxation rate of 17.5% (2004: 17.5%).

本集團於年內的遞延稅項資產及負債之變動(在同一徵稅地區之結餘抵銷前)如下:

The movement in the Group's deferred tax assets and liabilities (prior to offsetting of balances within the same taxation jurisdiction) during the year is as follows:

遞延稅項(資產)/負債

Deferred tax (assets)/liabilities

(以港幣百萬元為單位)	*(In HK$ millions)*	加速稅項折舊 Accelerated tax depreciation	未分派之滾存溢利 Unremitted profits	其他 Others	合計 Total
於二零零五年一月一日	At January 1, 2005	**4**	**73**	**(6)**	**71**
於損益表中列支/(計入)	Charged/(credited) to profit and loss account	**(4)**	**7**	**(3)**	**–**
於權益中計入	Credited to equity	**–**	**–**	**(1)**	**(1)**
撥回扣繳稅項之短暫性差異	Reversal of temporary difference on withholding tax	**–**	**(2)**	**–**	**(2)**
於二零零五年十二月三十一日	At December 31, 2005	**–**	**78**	**(10)**	**68**
於二零零四年一月一日	At January 1, 2004	5	61	(4)	62
於損益表中列支/(計入)	Charged/(credited) to profit and loss account	(1)	14	(3)	10
於權益中列支	Charged to equity	–	–	1	1
撥回扣繳稅項之短暫性差異	Reversal of temporary difference on withholding tax	–	(2)	–	(2)
於二零零四年十二月三十一日	At December 31, 2004	4	73	(6)	71

24. 遞延稅項（續）

年內於權益中計入的遞延稅項內包含長期貸款予一附屬公司之未變現外匯兌換收益而引至之稅項。

本集團有未確認遞延稅項資產港幣四千萬元(二零零四年：港幣三千八百萬元)主要源於稅損。此等未確認遞延稅項資產當中港幣二千七百萬元(二零零四年：港幣二千五百萬元)將於二零零五年十二月三十一日起兩至五年內屆滿。餘下之部分主要由德國附屬公司之無限期稅損引致。

在法定權利許可下，若遞延所得稅涉及同一財政機關，遞延稅項資產可與遞延稅項負債互相抵銷。下列金額是在計入適當抵銷後，於資產負債表內列賬。

24. DEFERRED TAXATION (continued)

The deferred taxation credited to equity during the year comprised the tax on the unrealized exchange gain of a long-term loan to a subsidiary company.

The Group has unrecognized deferred tax assets of HK$40 million (2004: HK$38 million) arising mainly from tax losses. These unrecognized deferred tax assets to the extent of HK$27 million (2004: HK$25 million) will expire within 2 to 5 years from December 31, 2005. The remaining portion is mainly related to the losses of subsidiaries in Germany, such tax losses has no expiry date.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred income taxes relate to the same fiscal authority. The following amounts, determined after appropriate offsetting, are shown in the balance sheet.

		集團 Group	
(以港幣百萬元為單位)	*(In HK$ millions)*	**2005**	2004
遞延稅項資產	Deferred tax assets	**(24)**	(18)
遞延稅項負債	Deferred tax liabilities	**92**	89
		68	71

25. 應付賬款及其他應付款　25. TRADE AND OTHER PAYABLES

(以港幣百萬元為單位)	(In HK$ millions)	集團 Group 2005	集團 Group 2004	公司 Company 2005	公司 Company 2004
應付賬款	Trade payables	**246**	230	**–**	–
其他應付款及應付費用	Other payables and accrued expenses	**269**	244	**2**	2
		515	474	**2**	2

以下為應付賬款之賬齡分析：

The ageing analysis of trade payables is as follows:

(以港幣百萬元為單位)	(In HK$ millions)	集團 Group 2005	集團 Group 2004
零至三十日	0 – 30 days	**192**	190
三十一至六十日	31 – 60 days	**40**	24
六十一至九十日	61 – 90 days	**8**	9
逾九十日	Over 90 days	**6**	7
合計	Total	**246**	230

26. 淨流動資產　26. NET CURRENT ASSETS

本集團之淨流動資產指流動資產扣除流動負債。本集團於二零零五年及二零零四年之淨流動資產分別為港幣十億二千九百萬元及港幣八億六千一百萬元（重列）。本公司於二零零五年及二零零四年之淨流動資產分別為港幣九億三千一百萬元及八億六千二百萬元（重列）。

The Group's net current assets, defined as current assets less current liabilities, amounted to HK$1,029 million and HK$861 million (restated) in 2005 and 2004 respectively. The Company's net current assets was HK$931 and HK$862 million (restated) in 2005 and 2004 respectively.

27. 總資產扣除流動負債　27. TOTAL ASSETS LESS CURRENT LIABILITIES

本集團於二零零五年及二零零四年之總資產扣除流動負債分別為港幣二十三億零七百萬元及港幣二十一億二千二百萬元 。本公司於二零零五年之總資產扣除流動負債為港幣二十億零五百萬元，而二零零四年則為港幣十九億四千一百萬元。

The Group's total assets less current liabilities amounted to HK$2,307 million and HK$2,122 million in 2005 and 2004 respectively. The Company's total assets less current liabilities was HK$2,005 million in 2005 compared with HK$1,941 million in 2004.

28. 現金及現金等值結存之分析 / ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS

（以港幣百萬元為單位）	(In HK$ millions)	集團 Group 2005	2004
現金及銀行結存	Cash and bank balances	**903**	752
減：存款日起三個月以上到期之銀行定期存款	Deduct: Bank deposits with maturity over three months from date of deposits	**(3)**	(3)
		900	749
銀行貸款及透支	Bank loans and overdrafts	**(76)**	(63)
淨現金及現金等值結存	Net cash and cash equivalents	**824**	686

本集團以上之現金及銀行結存包括等值港幣二億九千萬元（二零零四年：港幣二億五千八百萬元）之人民幣現金及銀行結存。

Included in the cash and bank balances of the Group are cash and bank balances totaling HK$290 million (2004: HK$258 million) denominated in Renminbi.

29. 承擔 / COMMITMENTS

經營租賃之承擔 / Commitments under operating leases

(i) 於二零零五年十二月三十一日，本集團及本公司就零售店舖、辦公室、工廠及貨倉之不可於未來撤銷之經營租賃的最低應付租賃費用如下：

(i) At December 31, 2005, the Group and the Company had future aggregate minimum lease charges payable under non-cancelable operating leases in respect of retail shops, office premises, factories and warehouses as set out below:

（以港幣百萬元為單位）	(In HK$ millions)	集團 Group 2005	2004	公司 Company 2005	2004
一年內	Within one year	**507**	470	**4**	1
一年後但五年內	After one year but within five years	**613**	573	**5**	–
五年以上	Over five years	**43**	20	**–**	–
		1,163	1,063	**9**	1

經營租賃合約包含不同種類條款，租金遞升協定及續租權。若干門市之經營租賃租金乃根據最低保證租金或以銷售額計算之租金（以較高者為準）。上述承擔乃按最低保證租金計算。

The leases have varying terms, escalation clauses and renewal rights. The operating lease rentals of certain outlets are based on the higher of a minimum guaranteed rental or a sales level based rental. The minimum guaranteed rental has been used to arrive at the above commitments.

29. 承 擔 （續） 29. COMMITMENTS (continued)

經營租賃之承擔（續）

Commitments under operating leases (continued)

(ii) 於二零零五年十二月三十一日，本集團及本公司就零售店舖、辦公室及工廠之不可於未來撤銷之經營租賃的最低應收租賃收入如下：

(ii) At December 31, 2005, the Group and the Company had future aggregate minimum lease income receivable under non-cancelable operating leases in respect of retail shops, office premises and factories as set out below:

		集團 Group		公司 Company	
（以港幣百萬元為單位）	*(In HK$ millions)*	**2005**	2004	**2005**	2004
一年內	Within one year	**25**	20	**17**	14
一年後但五年內	After one year but within five years	**26**	40	**10**	24
		51	60	**27**	38

30. 或 然 負 債 30. CONTINGENT LIABILITIES

於二零零五年十二月三十一日，本集團及本公司有以下並無包括在財務報表內之或然負債：

At December 31, 2005, the Group and the Company had contingent liabilities not included in the financial statements in respect of the following:

		集團 Group		公司 Company	
（以港幣百萬元為單位）	*(In HK$ millions)*	**2005**	2004	**2005**	2004
代替租賃及水電按金之銀行擔保	Bank guarantees in lieu of rental and utility deposits	**9**	9	**–**	–
關於一全資附屬公司租客之租賃按金之銀行擔保	Bank guarantee in respect of rental deposit of a tenant of a wholly-owned subsidiary	**–**	–	**4**	5
		9	9	**4**	5

31. 重要關聯人士交易

於本年度內，本集團若干附屬公司按一般及日常業務過程與若干共同控制公司及一聯營公司進行正常商業條款交易。有關該等交易詳述如下：

31. MATERIAL RELATED PARTIES TRANSACTIONS

During the year, certain subsidiaries traded with jointly controlled companies and an associate in the ordinary and usual course of business and on normal commercial terms. Details relating to these transactions are as follows:

(以港幣百萬元為單位)	*(In HK$ millions)*	集團 Group **2005**	2004
銷售給：	Sales to:		
共同控制公司	a jointly controlled company	**169**	148
聯營公司	an associate	**148**	115
		317	263
購貨自：	Purchases from:		
共同控制公司	jointly controlled companies	**105**	–

於十二月三十一日應收關聯公司款項：

Amounts due from these related parties at December 31 were:

(以港幣百萬元為單位)	*(In HK$ millions)*	集團 Group **2005**	2004
共同控制公司	Jointly controlled companies	**17**	6
聯營公司	An associate	**10**	11

於二零零五年十二月三十一日，上述應收共同控制公司及一聯營公司等款項已反映在應收賬款及其他應收款。

At December 31, 2005, the above amounts due from jointly controlled companies and an associate were reflected in trade and other receivables.

32. 主 要 附 屬 公 司

32. PRINCIPAL SUBSIDIARIES

本公司於二零零五年十二月三十一日之主要附屬公司如下：

The following is a list of the principal subsidiaries of the Company as at December 31, 2005:

附屬公司名稱 Name of subsidiary	成立地點 Place of incorporation	持有股份之實際百分率 Effective percentage of equity holding 2005	 2004	已發行及全數繳足股本或註冊資本 Issued and fully paid share capital or registered capital	主要業務/經營地區 Principal activities/ place of operation
寶斯特有限公司* Bluestar Exchange Limited *	香港 Hong Kong	**100**	100	三百萬股每股面值港幣一元之普通股 3,000,000 ordinary shares of HK$1 each	經營零售服裝及配襯用品/香港 Retailing of apparel and accessories/ Hong Kong
捷達環球貿易有限公司* Bluestar Exchange Worldwide Limited*	香港 Hong Kong	**100**	100	六十五萬股每股面值港幣一元之普通股 650,000 ordinary shares of HK$1 each	從事服裝及配襯用品之零售及批發/台灣 Retail and wholesale of apparel and accessories/Taiwan
East Jean Limited*	香港 Hong Kong	**100**	100	十萬股每股面值港幣十元之普通股 100,000 ordinary shares of HK$10 each	經營零售服裝及配襯用品/台灣 Retailing of apparel and accessories/ Taiwan
智源澳門離岸商業服務有限公司* G & B Sourcing Macao Commercial Offshore Limited*	澳門 Macau	**100**	–	澳門幣十萬元 MOP100,000	貿易/澳門 Trading/Macau
Giordano (Australia) Pty. Limited*	澳洲 Australia	**79**	79	七十萬股每股面值一澳元之普通股 700,000 ordinary shares of AUD1 each	經營零售服裝及配襯用品/澳洲 Retailing of apparel and accessories/ Australia

32. 主要附屬公司（續）

32. PRINCIPAL SUBSIDIARIES (continued)

附屬公司名稱 Name of subsidiary	成立地點 Place of incorporation	持有股份之實際百分率 Effective percentage of equity holding **2005**	 2004	已發行及全數繳足股本或註冊資本 Issued and fully paid share capital or registered capital	主要業務/經營地區 Principal activities/ place of operation
Giordano (Japan) Limited*	日本 Japan	**100**	100	一千零二十股每股面值五萬日元之普通股 1,020 ordinary shares of JPY50,000 each	經營零售服裝及配襯用品/日本 Retailing of apparel and accessories/ Japan
佐丹奴有限公司* Giordano Limited*	香港 Hong Kong	**100**	100	五萬股每股面值港幣一百元之普通股 50,000 ordinary shares of HK$100 each	經營零售及分銷服裝及配襯用品/香港 Retail and distribution of apparel and accessories/Hong Kong
Giordano (M) Sdn. Bhd.	馬來西亞 Malaysia	**100**	100	三十五萬股每股面值馬來西亞幣一元之普通股 350,000 ordinary shares of RM1 each	經營零售服裝及配襯用品/馬來西亞 Retailing of apparel and accessories/ Malaysia
佐丹奴澳門有限公司* Giordano (Macau) Limited *	澳門 Macau	**100**	100	澳門幣五萬元以兩股出資份額代表 MOP50,000 represented by 2 quotas	經營零售服裝及配襯用品/澳門 Retailing of apparel and accessories/ Macau
Giordano Originals (Singapore) Private Limited	新加坡 Singapore	**100**	100	一百九十萬零二股每股面值新加坡幣一元之普通股 1,900,002 ordinary shares of S$1 each	從事服裝及配襯用品之零售及貿易/新加坡 Retailing and trading of apparel and accessories/Singapore

32. 主要附屬公司（續） 32. PRINCIPAL SUBSIDIARIES (continued)

附屬公司名稱 Name of subsidiary	成立地點 Place of incorporation	持有股份之實際百分率 Effective percentage of equity holding 2005	 2004	已發行及全數繳足股本或註冊資本 Issued and fully paid share capital or registered capital	主要業務/經營地區 Principal activities/ place of operation
Giordano (Thai) Co., Ltd. *	泰國 Thailand	**100**	100	一百萬股每股面值十泰銖之普通股 1,000,000 ordinary shares of THB10 each	從事服裝及配襯用品之零售及批發/泰國 Retail and wholesale of apparel and accessories/Thailand
亮志服裝(香港)有限公司* Gloss Mind Apparel (Hong Kong) Limited*	香港 Hong Kong	**51**	51	二股每股面值港幣一元之普通股 2 ordinary shares of HK$1 each	從事服裝貿易及提供相關服務/香港 Trading of apparel products and providing apparel services/ Hong Kong
PT. Giordano Indonesia*	印尼 Indonesia	**40**	40	一千五百股每股面值一百萬印尼盾之普通股 1,500 ordinary shares of IDR1,000,000 each	從事服裝、配襯用品及其有關產品之零售/印尼 Retailing of apparel, accessories and related products/Indonesia
深圳虎威製衣有限公司*(附註) Shenzhen Tiger Garment Ltd.* (Note)	中國大陸 Mainland China	**100**	100	人民幣一千五百一十萬元 RMB15,100,000	投資控股、製造及銷售服裝及配襯用品/中國大陸 Investment holding, manufacturing and retailing of apparel and accessories/ Mainland China

附註： 深圳虎威製衣有限公司乃一間中外合作經營公司。

Note: Shenzhen Tiger Garment Ltd. is a sino-foreign co-operative joint venture.

32. 主要附屬公司（續） 32. PRINCIPAL SUBSIDIARIES (continued)

附屬公司名稱 Name of subsidiary	成立地點 Place of incorporation	持有股份之實際百分率 Effective percentage of equity holding 2005	 2004	已發行及全數繳足股本或註冊資本 Issued and fully paid share capital or registered capital	主要業務/經營地區 Principal activities/ place of operation
虎威企業有限公司 Tiger Enterprises Limited	香港 Hong Kong	**100**	100	一千股每股面值港幣一元之普通股、六千萬股每股面值港幣一元之無投票權遞延股 1,000 ordinary shares of HK$1 each, 60,000,000 non-voting deferred shares of HK$1 each	投資控股/中國大陸 Investment holding/ Mainland China
Walton International Ltd.*	開曼群島 Cayman Islands	**100**	100	一百零二股每股面值一美元之普通股 102 ordinary shares of US$1 each	批授商標專利權 Licensing of trademarks

* *間接附屬公司*

* *subsidiaries held indirectly*

33. 財務報表通過 33. APPROVAL OF FINANCIAL STATEMENTS

本年度財務報表已於二零零六年三月二十一日獲董事會通過。

The financial statements were approved by the board of directors on March 21, 2006.

購股權計劃

本公司購股權計劃(「該計劃」)之摘要如下:

(1) 目的

該計劃旨在鼓勵或獎勵對本集團作出貢獻或將可作出貢獻選定之合資格人士。

(2) 合資格人士

(i) (a) 任何董事或擬委任董事(不論是執行或非執行,包括任何獨立非執行董事)、僱員或擬聘請之僱員(不論是全職或兼職),或

(b) 其時借調之任何人,

而屬於本集團任何成員或任何控股股東或由控股股東控制之任何公司;或

(ii) 持有本集團任何成員或任何控股股東或任何控股股東控制公司所發行之任何證券之持有人;或

(iii) 本集團任何成員或任何控股股東或由控股股東控制之任何公司的:

(a) 任何業務或合作夥伴、特許經營權受讓人、承包商、代理或代表,

(b) 任何人士或個體提供研究、發展或其他技術支援或任何諮詢、顧問、專業或其他服務,

(c) 任何貨品或服務供應商,

(d) 任何客戶,或

(e) 任何業主及租客(包括分租租客);

並就該計劃而言,將包括由一位或多位隸屬以上任何合資格人士所控制之任何公司。

SHARE OPTION SCHEME

Summary of the share option scheme of the Company ("Scheme") is as follows:

(1) Purpose

As incentives or rewards for the contribution or potential contribution to the Group from the selected eligible persons.

(2) Eligible persons

(i) (a) any director or proposed director (whether executive or non-executive, including any independent non-executive director), employee or proposed employee (whether full time or part time) of, or

(b) any individual for the time being seconded to work for;

any member of the Group or any controlling shareholder or any company controlled by a controlling shareholder; or

(ii) any holder of any securities issued by any member of the Group or any controlling shareholder or any company controlled by a controlling shareholder; or

(iii) (a) any business or joint venture partner, franchisee, contractor, agent or representative of,

(b) any person or entity that provides research, development or other technological support or any advisory, consultancy, professional or other services to,

(c) any supplier of goods or services to,

(d) any customer of, or

(e) any landlord or tenant (including any sub-tenant) of;

any member of the Group or any controlling shareholder or a company controlled by a controlling shareholder;

and, for the purposes of the Scheme, shall include any company controlled by one or more persons belonging to any of the above classes of eligible persons.

(3) 股份數目上限

於二零零六年三月二十一日，可發行之股份數目上限為一億零四百三十一萬四千八百五十一股，約相等於本公司已發行股份之百分之七。

(4) 每位合資格人士可獲授權益上限

每位合資格人士在任何十二個月內(直至授出購股權當日止)，根據該計劃及本公司任何其他購股權計劃獲授之購股權(包括已註銷、已行使及尚未行使之購股權)予以行使時，所發行及將發行之股份上限不得超過本公司已發行股份之百分之一。

(5) 購股權行使期

購股權可根據該計劃條款之規定，於董事授出購股權時，決定授出之購股權當日或其後日子開始行使，直至董事授出購股權時已決定之日期營業時間結束時屆滿(惟於任何情況下，由授出購股權當日起計不可超過十年，而接受提供之購股權當日亦以授出購股權之日期計)。

(6) 接受提供之購股權

購股權獲授人必須於本公司提供授出購股權日期起三十日內(包括提供購股權當日)接受有關之提供。於接受提供授予之購股權時，須繳付港幣一元。

(3) Maximum number of shares

As at March 21, 2006, the maximum number of shares available for issue is 104,314,851, representing approximately seven percent of the issued share capital of the Company.

(4) Maximum entitlement of each eligible person

The maximum number of shares issued and to be issued upon exercise of options granted under the Scheme and any other share option schemes of the Company to any eligible person (including canceled, exercised and outstanding options), in any 12-month period up to the date of grant shall not exceed one percent of the shares in issue.

(5) Time of exercise of option

An option may be exercised in accordance with the terms of the Scheme at any time during a period commencing on such date on or after the date on which the option is granted as the directors may determine in granting the option and expiring at the close of business on such date as the directors may determine in granting the option but in any event shall not exceed ten years from the date of grant (which is the date of offer of grant if the offer for the grant of the option is accepted).

(6) Acceptance of offers

An offer for the grant of options must be accepted within 30 days inclusive of the day on which such offer was made. The amount payable on acceptance of the offer for the grant of an option is HK$1.00.

(7) 釐定購股權行使價之基準

行使購股權時須予支付之每股股份之購股權價將由董事決定，惟購股權價須以下列較高者釐定：

(i) 於授出日期之股份收市價；

(ii) 授出日期前五個營業日之平均收市價；及

(iii) 每股股份之面值。

(8) 該計劃尚餘之有效期

該計劃有效期至二零一二年一月二十四日屆滿。

(7) Basis of determining the option exercise price

The option price per share payable on the exercise of an option is to be determined by the directors provided always that it shall be at least the higher of:

(i) the closing price of the shares on the date of offer;

(ii) the average closing price of the shares for the five business days immediately preceding the date of offer; and

(iii) the nominal amount of a share.

(8) The remaining life of the Scheme

The Scheme remains in force until January 24, 2012.

購股權之變動

MOVEMENT OF SHARE OPTIONS

於本年度內，本公司並無根據該購股權計劃授出購股權，而有關於本年度內購股權變動資料載列如下：

During the year, no share option was granted pursuant to the Share Option Scheme and movements in the number of share options are set out below:

合資格人士 Eligible person	購股權數目 Number of share options 於二零零五年一月一日之結餘 Balance as at 01/01/2005	於本年度內授出 Granted during the year	於本年度內行使 Exercised during the year	於本年度內註銷/失效 Canceled/ lapsed during the year	於二零零五年十二月三十一日之結餘 Balance as at 12/31/2005	每股行使價 Exercise price per share	授出日期 Date of grant	行使期 Exercisable period
						港元 *HK$*	（月/日/年） *(MM/DD/YYYY)*	（月/日/年） *(MM/DD/YYYY)*
董事 Director								
劉國權	15,000,000	–	15,000,000	–	–	2.600	08/24/1995	02/24/1996 - 05/28/2005
LAU Kwok Kuen, Peter	10,000,000	–	10,000,000	–	–	2.830	05/07/1996	05/07/1999 - 05/28/2005
	25,000,000	–	25,000,000	–	–			
馮永昌	300,000	–	300,000	–	–	4.460	07/08/2000	07/08/2001 - 05/28/2005
FUNG Wing Cheong, Charles	300,000	–	300,000	–	–	4.460	07/08/2000	07/08/2002 - 05/28/2005
	300,000	–	300,000	–	–	4.460	07/08/2000	07/08/2003 - 05/28/2005
	1,666,000	–	–	–	1,666,000	4.650	04/08/2002	04/08/2003 - 04/07/2012
	1,666,000	–	–	–	1,666,000	4.650	04/08/2002	04/08/2004 - 04/07/2012
	1,668,000	–	–	–	1,668,000	4.650	04/08/2002	04/08/2005 - 04/07/2012
	5,900,000	–	900,000	–	5,000,000			
馬灼安	300,000	–	300,000	–	–	4.460	07/08/2000	07/08/2001 - 05/28/2005
MAH Chuck On, Bernard	300,000	–	300,000	–	–	4.460	07/08/2000	07/08/2002 - 05/28/2005
	300,000	–	300,000	–	–	4.460	07/08/2000	07/08/2003 - 05/28/2005
	1,666,000	–	–	–	1,666,000	4.650	04/08/2002	04/08/2003 - 04/07/2012
	1,666,000	–	–	–	1,666,000	4.650	04/08/2002	04/08/2004 - 04/07/2012
	1,668,000	–	–	–	1,668,000	4.650	04/08/2002	04/08/2005 - 04/07/2012
	5,900,000	–	900,000	–	5,000,000			

購股權之變動（續） MOVEMENT OF SHARE OPTIONS (continued)

合資格人士 Eligible person	購股權數目 Number of share options 於二零零五年一月一日之結餘 Balance as at 01/01/2005	於本年度內授出 Granted during the year	於本年度內行使 Exercised during the year	於本年度內註銷/失效 Canceled/ lapsed during the year	於二零零五年十二月三十一日之結餘 Balance as at 12/31/2005	每股行使價 Exercise price per share 港元 HK$	授出日期 Date of grant (月/日/年) (MM/DD/YYYY)	行使期 Exercisable period (月/日/年) (MM/DD/YYYY)
連續合約僱員	760,000	–	220,000	540,000	–	2.150	05/30/1995	05/30/1998 - 05/28/2005
Continuous Contract	1,800,000	–	1,800,000	–	–	3.190	03/04/1996	09/04/1996 - 05/28/2005
Employees	1,540,000	–	1,540,000	–	–	0.878	12/05/1997	12/05/2000 - 05/28/2005
	300,000	–	300,000	–	–	0.692	02/24/1999	02/24/2002 - 05/28/2005
	300,000	–	300,000	–	–	4.460	07/08/2000	07/08/2001 - 05/28/2005
	200,000	–	200,000	–	–	4.460	07/08/2000	07/08/2002 - 05/28/2005
	200,000	–	200,000	–	–	4.460	07/08/2000	07/08/2003 - 05/28/2005
	1,290,000	–	1,210,000	80,000	–	3.728	02/07/2001	02/07/2004 - 05/28/2005
	200,000	–	200,000	–	–	3.384	04/26/2001	04/26/2004 - 05/28/2005
	1,493,000	–	1,433,000	60,000	–	3.108	08/31/2001	08/31/2003 - 05/28/2005
	3,484,000	–	1,038,000	282,000	2,164,000	4.650	04/08/2002	04/08/2003 - 04/07/2012
	3,484,000	–	832,000	270,000	2,382,000	4.650	04/08/2002	04/08/2004 - 04/07/2012
	3,856,000	–	856,000	344,000	2,656,000	4.650	04/08/2002	04/08/2005 - 04/07/2012
	666,000	–	–	–	666,000	2.795	02/05/2003	02/05/2004 - 02/04/2013
	832,000	–	–	–	832,000	2.795	02/05/2003	02/05/2005 - 02/04/2013
	836,000	–	–	–	836,000	2.795	02/05/2003	02/05/2006 - 02/04/2013
	66,000	–	66,000	–	–	2.625	03/31/2003	03/31/2005 - 03/30/2013
	68,000	–	–	68,000	–	2.625	03/31/2003	03/31/2006 - 03/30/2013
	200,000	–	200,000	–	–	2.200	05/02/2003	05/02/2005 - 05/01/2013
	200,000	–	–	–	200,000	2.200	05/02/2003	05/02/2006 - 05/01/2013
	1,146,000	–	512,000	66,000	568,000	2.650	06/10/2003	06/10/2004 - 06/09/2013
	1,924,000	–	958,000	188,000	778,000	2.650	06/10/2003	06/10/2005 - 06/09/2013
	2,422,000	–	–	362,000	2,060,000	2.650	06/10/2003	06/10/2006 - 06/09/2013
	148,000	–	64,000	–	84,000	2.785	08/20/2003	08/20/2004 - 08/19/2013
	8,000	–	–	–	8,000	2.785	08/20/2003	08/20/2005 - 08/19/2013
	8,000	–	–	–	8,000	2.785	08/20/2003	08/20/2006 - 08/19/2013
	90,000	–	52,000	–	38,000	3.300	09/19/2003	09/19/2004 - 09/18/2013
	122,000	–	26,000	16,000	80,000	3.300	09/19/2003	09/19/2005 - 09/18/2013
	132,000	–	–	36,000	96,000	3.300	09/19/2003	09/19/2006 - 09/18/2013
	198,000	–	66,000	–	132,000	4.150	01/27/2004	01/27/2005 - 01/26/2014
	198,000	–	–	–	198,000	4.150	01/27/2004	01/27/2006 - 01/26/2014
	204,000	–	–	–	204,000	4.150	01/27/2004	01/27/2007 - 01/26/2014
	1,314,000	–	166,000	66,000	1,082,000	4.500	06/16/2004	06/16/2005 - 06/15/2014
	1,338,000	–	–	66,000	1,272,000	4.500	06/16/2004	06/16/2006 - 06/15/2014
	1,348,000	–	–	68,000	1,280,000	4.500	06/16/2004	06/16/2007 - 06/15/2014
	10,000	–	–	–	10,000	4.850	07/07/2004	07/07/2005 - 07/06/2014
	10,000	–	–	–	10,000	4.850	07/07/2004	07/07/2006 - 07/06/2014
	10,000	–	–	–	10,000	4.850	07/07/2004	07/07/2007 - 07/06/2014
	28,000	–	–	–	28,000	4.235	08/17/2004	08/17/2005 - 08/16/2014
	34,000	–	–	–	34,000	4.235	08/17/2004	08/17/2006 - 08/16/2014
	1,000,000	–	–	–	1,000,000	4.305	09/30/2004	09/30/2004 - 09/29/2014
	434,000	–	–	–	434,000	4.875	12/30/2004	12/30/2004 - 12/29/2014
	33,901,000	–	12,239,000	2,512,000	19,150,000			
其他	1,840,000	–	–	60,000	1,780,000	4.150	01/27/2004	01/27/2005 - 01/26/2014
Others	2,100,000	–	–	40,000	2,060,000	4.975	12/29/2004	12/29/2004 - 12/28/2014
	3,940,000	–	–	100,000	3,840,000			
合計 Total	74,641,000	–	39,039,000	2,612,000	32,990,000			

購股權之變動（續）

附註：

1. 董事及連續合約僱員已行使之購股權於緊接行使日前之加權平均股份收市價分別為港幣五元七角及港幣五元四角七仙。

2. 於二零零五年十二月三十一日之每股市價為港幣四元三角五仙。

3. 於本年度內，本公司無授出購股權，故毋須作出評估授出購股權的公平值。本公司購股權計劃授出的購股權之公平值是以柏力克•舒爾斯期權訂價模式評估，並計入一些因素，如行使價、購股權年期、市價、有關股票之波幅及無風險利率等。該模式的設計旨在評估並無授出限制且可以自由轉讓之公開買賣期權之公平值。此外，它亦須視乎若干高度主觀假設數據，包括預期股價波幅。任何主觀假設數據倘出現任何變動均會對購股權之公平值造成重大影響。

MOVEMENT OF SHARE OPTIONS (continued)

Notes:

1. The weighted average closing prices of the shares immediately before the date on which the options were exercised by the Directors and the Continuous Contract Employees were HK$5.70 and HK$5.47 respectively.

2. The market value per share as at December 31, 2005 was HK$4.35.

3. As no share option was granted by the Company during the year, thus the estimation of fair value of share options granted was not applicable. For share options granted under share option scheme of the Company, the fair value of the options shall be estimated by applying the Black-Scholes option pricing model, taking into account a number of factors such as the exercise price, the life of the option, the market price and volatility of the underlying shares, and the risk-free interest rate for the expected life of the option. The Model is developed to estimate the fair value of publicly traded options that have no vesting restrictions and are fully transferable. In addition, it requires input of highly subjective assumptions, including the expected stock price volatility. Any changes in the subjective input assumptions may materially affect the estimation of the fair value of an option.

茲通告佐丹奴國際有限公司(「本公司」)謹訂於二零零六年五月九日(星期二)上午九時三十分假座香港九龍長沙灣道七七七至七七九號天安工業大廈三樓B座舉行股東週年大會,處理下列事項:

作為普通事項:

一、省覽截至二零零五年十二月三十一日止年度之經審核財務報表、董事會及核數師報告書;

二、宣布派發截至二零零五年十二月三十一日止年度之末期股息;

三、宣布派發截至二零零五年十二月三十一日止年度之特別末期股息;

四、重選退任董事;

五、重新委聘核數師及授權董事會釐定其酬金;

作為特別事項:

六、考慮並酌情通過或經修訂後通過下列決議案為普通決議案:

「**動議**:

(I) 無條件授予本公司董事一項一般性授權,可於有關期間內配發、發行或處理本公司股本中之額外股份,並作出或授予可能須行使該等權力之建議、協議及購股權,惟須符合下列條件:

NOTICE IS HEREBY GIVEN that the annual general meeting of Giordano International Limited ("Company") will be held at Block B, 3rd Floor, Tin On Industrial Building, 777-779 Cheung Sha Wan Road, Kowloon, Hong Kong on Tuesday, May 9, 2006 at 9:30 a.m. for the following purposes:

As ordinary business:

1. To receive and consider the audited consolidated financial statements and the reports of the directors and auditors for the year ended December 31, 2005;

2. To declare a final dividend for the year ended December 31, 2005;

3. To declare a special final dividend for the year ended December 31, 2005;

4. To re-elect retiring directors;

5. To re-appoint the auditors and to authorize the directors to fix their remuneration;

As special business:

6. To consider and, if thought fit, pass, with or without modifications, the following resolution as an Ordinary Resolution:

"THAT:

(I) a general mandate be and is hereby unconditionally given to the directors of the Company during the Relevant Period to allot, issue or otherwise deal with additional shares in the capital of the Company and to make or grant offers, agreements and options which might require the exercise of such power, subject to the following conditions:

(a) 該項授權之有效期不可超越有關期間，但本公司董事可在有關期間內作出或授予可能於有關期間內或屆滿後行使該等權力之建議、協議及購股權；及

(b) 本公司董事依據上述授權而配發、發行或處理本公司股本中之股份面值總額不得超過本公司於通過本決議案當日已發行股本面值總額之百分之二十，惟依據(i)供股；或(ii)依據本公司所發行賦有權力認購或購買本公司股份之認股權證或其他證券之條款而行使認購權或兑換股權；或(iii)根據本公司股東採納之任何購股權計劃，向合資格人士授出可認購本公司股份之購股權，而該等人士因行使有關購股權所發行之股份；或(iv)根據本公司細則訂立之以股代息或其他類似計劃而發行之股份除外；及

(a) such mandate shall not extend beyond the Relevant Period save that the directors of the Company may during the Relevant Period make or grant offers, agreements and options which might require the exercise of such powers at any time during or after the end of the Relevant Period; and

(b) the aggregate nominal amount of shares in the capital of the Company which may be allotted, issued or otherwise dealt with by the directors of the Company pursuant to such mandate, otherwise than pursuant to (i) a Rights Issue; or (ii) the exercise of rights of subscription or conversion under the terms of any warrants or other securities issued by the Company carrying a right to subscribe for or purchase shares of the Company; or (iii) the exercise of any option under any share option scheme of the Company adopted by its shareholders for the grant or issue to eligible persons options to subscribe for or rights to acquire shares of the Company; or (iv) any scrip dividend or other similar scheme implemented in accordance with the Bye-Laws of the Company, shall not exceed 20 percent of the aggregate nominal amount of the share capital of the Company in issue at the date of passing this Resolution; and

(II) 就本決議案而言：

「有關期間」乃指本決議案獲通過之日起至下列最早日期止之期間：

(a) 本公司下屆股東週年大會結束；

(b) 依照本公司細則或百慕達適用之法例規定本公司須召開下屆股東週年大會之期限屆滿之日；及

(c) 本公司股東於股東大會上通過普通決議案撤銷或修訂本決議案所給予之授權。

「供股」乃指本公司董事於所指定期間內，向指定記錄日期名列股東名冊之股份持有人按彼等當時之持股比例向彼等提出之股份發售建議（惟本公司董事有權就零碎配額，或就考慮任何香港以外地區但適用於本公司之法律及法規下之限制或責任或任何認可管制機構或任何證券交易所之規定後，作出其認為必須或權宜取消若干股東在此方面之權利或作出其他安排）。」；

(II) for the purpose of this Resolution:

"Relevant Period" means the period from the passing of this Resolution until whichever is the earliest of:

(a) the conclusion of the next annual general meeting of the Company;

(b) the expiration of the period within which the next annual general meeting of the Company is required by its Bye-Laws or any applicable laws of Bermuda to be held; and

(c) the revocation or variation of the authority given under this Resolution by an ordinary resolution of the shareholders of the Company in general meeting.

"Rights Issue" means an offer of shares open for a period fixed by the directors of the Company to holders of shares on its Register of Members on a fixed record date in proportion to their holdings of shares (subject to such exclusions or other arrangements as the directors of the Company may deem necessary or expedient in relation to fractional entitlements or having regard to any restrictions or obligations under the laws of or the requirements of any recognized regulatory body or stock exchange in any territory outside Hong Kong).";

七、考慮並酌情通過或經修訂後通過下列決議案為普通決議案：

「**動議**：

(I) 無條件授予本公司董事一項一般性授權，可於有關期間內行使本公司一切權力購回本公司股本中之股份，惟須符合下列條件：

(a) 根據該項授權行使一切權力，惟須遵守所有適用法例及香港聯合交易所有限公司（「聯交所」）證券上市規則（「上市規則」）或任何其他適用之證券交易所規定；及

(b) 本公司依據上述授權而購回之本公司股本中之股份面值總額，不得超過本公司於通過本決議案當日已發行股本面值總額之百分之十；及

(II) 就本決議案而言：

「有關期間」乃指本決議案獲通過之日起至下列最早日期止之期間：

(a) 本公司下屆股東週年大會結束；

(b) 依照本公司細則或百慕達適用之法例規定本公司須召開下屆股東週年大會之期限屆滿之日；及

(c) 本公司股東於股東大會上通過普通決議案撤銷或修訂本決議案所給予之授權。」；

7. To consider and, if thought fit, pass, with or without modifications, the following resolution as an Ordinary Resolution:

"**THAT:**

(I) a general mandate be and is hereby unconditionally given to the directors of the Company during the Relevant Period to exercise all powers of the Company to purchase shares in the capital of the Company subject to the following conditions:

(a) the exercise of all powers pursuant to such mandate shall be subject to and in accordance with all applicable laws and the requirements of the Rules Governing the Listing of Securities ("Listing Rules") on The Stock Exchange of Hong Kong Limited ("Stock Exchange") or of any other applicable stock exchange; and

(b) the aggregate nominal amount of shares in the share capital of the Company which may be purchased pursuant to such mandate shall not exceed ten percent of the aggregate nominal amount of the share capital of the Company in issue at the date of passing this Resolution; and

(II) for the purpose of this Resolution:

"Relevant Period" means the period from the passing of this Resolution until whichever is the earliest of:

(a) the conclusion of the next annual general meeting of the Company;

(b) the expiration of the period within which the next annual general meeting of the Company is required by its Bye-Laws or any applicable laws of Bermuda to be held; and

(c) the revocation or variation of the authority given under this Resolution by an ordinary resolution of the shareholders of the Company in general meeting.";

八、考慮並酌情通過或經修訂後通過下列決議案為普通決議案：

「**動議**在上述第六及七項決議案獲通過後，批准本公司董事擴大獲授予在有關期間(按該決議案之定義)配發、發行或處理本公司之額外股份之一般授權，使根據該項一般授權可配發、發行或處理之本公司股份面值總額增加，而加幅等於本公司董事行使本公司權力所購回之股份面值總額，惟該增幅不可超逾本公司於通過本決議案當日已發行股本面值總額之百分之十。」；及

九、考慮並酌情通過或經修訂後通過下列決議案為特別決議案：

「**動議**修訂本公司的公司細則如下：

(I) 刪除現行公司細則第96(A)(vi)條全文，並以下列新的細則第96(A)(vi)條取代：

「(vi) 若他根據細則第103(A)條以本公司普通決議案遭罷免」；

8. To consider and, if thought fit, pass, with or without modifications, the following resolution as an Ordinary Resolution:

"**THAT** subject to the passing of the above resolutions numbered 6 and 7, the general mandate granted to the directors of the Company to allot, issue, or otherwise deal with additional shares of the Company during the Relevant Period (as defined in that Resolution) be and is hereby extended by the addition to the aggregate nominal amount of shares in the capital of the Company which may be allotted, issued or otherwise dealt with pursuant to such general mandate of an amount representing the aggregate nominal amount of shares in the capital of the Company purchased by the directors of the Company pursuant to their exercise of the powers of the Company to purchase such shares, provided that such amount shall not exceed ten percent of the aggregate nominal amount of the share capital of the Company in issue at the date of passing this Resolution."; and

9. To consider and, if thought fit, pass, with or without modifications, the following resolution as a Special Resolution:

"**THAT** the Bye-Laws of the Company be amended as follows:

(I) by deleting existing Bye-Law 96(A)(vi) in its entirety and substituting therefor the following new Bye-Law 96(A)(vi):

"(vi) if he shall be removed from office by an Ordinary Resolution of the Company under Bye-Law 103(A).";

(II) 刪除現行公司細則第98條第一句，並以下列新句取代：

「於每年的股東週年大會上，當時三分一的董事(主席或董事總經理除外)，或倘若其數目並不是三或三的倍數，則最接近但不超過三分一的董事，須輪值告退；惟每位董事(主席或董事總經理除外)，包括有既定任期的董事，須最少每三年輪值告退一次。」；

(III) 刪除現行公司細則第101(B)條全文，並以下列新的細則第101(B)條取代：

「(B) 董事會有權隨時或於任何時間委任任何人為董事，不論為填補臨時空缺或為額外委任董事會成員，惟董事人數總數不可超逾股東於股東大會上不時決定的上限。任何就此獲委任之董事(主席或董事總經理除外)的任期僅至其獲委任後本公司舉行之下一次股東大會(如屬填補臨時空缺)或直至本公司下一屆股東週年大會(如屬增加董事人數)，但屆時有資格再受委任；任何以此方式退任之董事將不計算在須於該大會上輪值告退之董事名單或數目內。」；及

(II) by deleting the first sentence of existing Bye-Law 98 and substituting therefor the following sentence:

"At each annual general meeting one-third of the Directors (other than the Chairman or Managing Director) for the time being, or, if their number is not three or a multiple of three, then the number nearest to but not exceeding one-third, shall retire from office by rotation provided that every Director (other than the Chairman or Managing Director) including those appointed for a specific term shall be subject to retirement by rotation at least once every three years.";

(III) by deleting existing Bye-Law 101(B) in its entirety and substituting therefor the following new Bye-Law 101(B):

"(B) The Board shall have power from time to time and at any time to appoint any person as a Director either to fill a casual vacancy or as an addition to the Board but so that the number of Directors so appointed shall not exceed the maximum number determined from time to time by the shareholders in general meeting. Any Director (other than the Chairman or the Managing Director) so appointed shall hold office only until the next following general meeting of the Company (in the case of filling a casual vacancy) or until the next following annual general meeting of the Company (in the case of an addition to their number) after his appointment and shall be subject to re-election by shareholders provided that any Director who so retires shall not be taken into account in determining which particular Director or the number of Directors who are to retire by rotation at such meeting."; and

(IV) 刪除現行公司細則第103(A)條第一句，並以下列新句取代：

「103(A) 即使本細則任何部分或本公司與任何董事（包括董事總經理或其他執行董事）訂立之任何協議有所規定，本公司可於董事任期屆滿前以普通決議案罷免其職務（惟不得影響因違反該董事與本公司訂立之任何服務協議，其可就損失賠償提出之任何索償）及委任其他人士出任其職務。」。」

(IV) by deleting the first sentence of existing Bye-Law 103(A) and substituting therefor the following sentence:

"103(A) The Company may by Ordinary Resolution remove any Director (including a Managing Director or other Executive Director) before the expiration of his period of office notwithstanding anything in these Bye-Laws or in any agreement between the Company and such Director (but without prejudice to any claim which such Director may have for damages for any breach of any contract between him and the Company) and may elect another person in his stead."."

承董事會命
姚婉華
公司秘書

香港，二零零六年三月三十一日

By order of the Board
YIU Yuen Wah, Christiana
Company Secretary

Hong Kong, March 31, 2006

附註：

(i) 凡有權出席上文通告所召開之大會並於大會上投票之股東，均有權委派一位或以上之代表代其出席會議，並於按點算股數方式表決時代其投票。受委代表毋須為本公司股東。

(ii) 代表委任表格連同簽署人之授權書或其他授權文件(如有)或經由公證人簽署證明之授權書或授權文件副本，須於大會或其任何續會指定舉行時間最少四十八小時前送達本公司於香港之股份過戶登記分處雅柏勤證券登記有限公司，地址為香港皇后大道東二十八號金鐘匯中心二十六樓，方為有效。

(iii) 本公司將由二零零六年五月四日(星期四)至二零零六年五月九日(星期二)(首尾兩日包括在內)暫停辦理股份過戶登記手續。為確定有權收取擬派之末期及特別末期股息(派發日期約為二零零六年五月十五日(星期一))，所有過戶文件連同有關股票最遲須於二零零六年五月三日(星期三)下午四時三十分前送達本公司於香港之股份過戶登記分處雅柏勤證券登記有限公司，地址為香港皇后大道東二十八號金鐘匯中心二十六樓，辦理登記手續。

(iv) 上述第六項及第七項決議案分別旨在徵求股東批准授予董事一般授權配發本公司的股份和購回本公司的股份。

(v) 上述第八項決議案旨在徵求股東批准擴大給予本公司董事的一般配發股份的授權，以加入本通告第七項決議案授予的權力而購回的股份數目。

Notes:

(i) A shareholder entitled to attend and vote at the meeting convened by the above notice is entitled to appoint one or more proxies to attend and, on a poll, vote in his stead. A proxy need not be a shareholder of the Company.

(ii) To be valid, a form of proxy together with the power of attorney or other authority (if any) under which it is signed or a notarially certified copy of that power of attorney or authority must be deposited at the Company's branch share registrars in Hong Kong, Abacus Share Registrars Limited, at 26th Floor, Tesbury Centre, 28 Queen's Road East, Hong Kong, not less than 48 hours before the time appointed for holding the meeting and any adjourned meeting.

(iii) The Register of Members of the Company will be closed from Thursday, May 4, 2006 to Tuesday, May 9, 2006, both days inclusive, during which period no transfer of shares will be registered. In order to qualify for the proposed final and special final dividends (which will be payable on or about Monday, May 15, 2006), all transfer documents accompanied by the relevant share certificates must be lodged with the Company's branch share registrars in Hong Kong, Abacus Share Registrars Limited, at 26th Floor, Tesbury Centre, 28 Queen's Road East, Hong Kong, for registration no later than 4:30 p.m. on Wednesday, May 3, 2006.

(iv) In relation to the above resolutions numbered 6 and 7, approval is being sought from shareholders for a general mandate to be given to the directors to allot new shares and to repurchase shares of the Company.

(v) In relation to the above resolution numbered 8, approval is being sought from shareholders for an extension of the general mandate sought to be granted to the directors of the Company to allot shares by adding to it the number of shares which shall have been repurchased under the authority granted pursuant to resolution numbered 7 of this notice.

(vi) 上述第九項決議案旨在使本公司的細則與聯交所之企業管治常規守則中有關公司董事退任的條文和有關罷免董事職務需通過之決議案的上市規則修訂一致。

(vii) 公司細則乃以英文編撰及並無法定中文譯本。因此，上述第九項有關修訂公司細則之決議案之中文譯本僅供參考。倘若中、英文版本有任何差異，概以英文版本為準。

(viii) 年報中的「說明函件」詳列了有關上述第七項及第九項之決議案的資料。

(ix) 根據公司細則第70條，以下人士可要求按點算股數方式進行表決：(a)有關大會主席；或(b)至少三名出席股東、或倘為一名公司股東則為獲公司正式授權代表、或於當時有權於大會投票之委任代表；或(c)任何一名或多名出席股東、或倘為一名公司股東則為獲公司正式授權代表或委任代表，彼或彼等須代表可於大會投票之所有股東之總投票權十分之一或以上；或(d)任何一名或多名出席股東、或倘為一名公司股東則為獲公司正式授權代表或委任代表，並持有附帶權利可於大會投票之已繳股款股份，合共股數須可代表相等於附帶該項權利之所有已繳股款股份之十分之一或以上。

(vi) In relation to the above resolution numbered 9, the purpose of this item is to bring the Company's Bye-Laws in line with certain code provisions of the Code on Corporate Governance Practices published by the Stock Exchange governing the retirement of directors of a company and the amendment of the Listing Rules on the resolution relating to the removal of directors.

(vii) The Bye-Laws are written in English and there is no official Chinese translation in respect thereof. Therefore, the Chinese translation of resolution numbered 9 above on the amendments to the Bye-Laws is for reference only. Should there be any discrepancies, the English version shall prevail.

(viii) An Explanatory Statement which contains important information concerning the above resolutions numbered 7 and 9 is appended to the annual report.

(ix) Pursuant to Bye-Law 70 of the Bye-Laws, a poll may be demanded by: (a) the chairman of such meeting; (b) at least three shareholders present in person or in the case of a shareholder being a corporation by its duly authorized representative or by proxy for the time being entitled to vote at the meeting; (c) a shareholder or shareholders present in person or in the case of a shareholder being a corporation by its duly authorized representative or by proxy and representing not less than one-tenth of the total voting rights of all shareholders having the right to vote at the meeting; or (d) a shareholder or shareholders present in person or in the case of a shareholder being a corporation by its duly authorized representative or by proxy and holding shares conferring a right to vote at the meeting being shares on which an aggregate sum has been paid up equal to not less than one-tenth of the total sum paid up on all shares conferring that right.

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(I) 購回股份授權

以下說明函件乃遵照香港聯合交易所有限公司（「聯交所」）證券上市規則（「上市規則」）向佐丹奴國際有限公司（「本公司」）股東提供資料，以便股東考慮是否批准授予本公司董事（「董事」）一般性授權購回本公司股份（「購回股份授權」）。倘若購回股份授權在本公司擬於二零零六年五月九日舉行之股東週年大會（「二零零六年股東週年大會」）上獲得通過，董事將獲得一般性授權，以便在直至本公司下屆股東週年大會或在相關普通決議案中所列明之較早期間內，隨時購回本公司股本中已發行並全數繳付之每股面值港幣五仙之普通股股份（「股份」），最多不超過於決議案通過當日本公司已發行股本之百分之十。

(I) SHARE REPURCHASE MANDATE

The following is the explanatory statement, as required by the Rules Governing the Listing of Securities ("Listing Rules") on The Stock Exchange of Hong Kong Limited ("Stock Exchange"), to provide information to shareholders of Giordano International Limited ("Company") for their consideration of the proposed granting of a general mandate to the Company's directors ("Directors") to repurchase shares of the Company ("Share Repurchase Mandate"). The Share Repurchase Mandate, upon obtaining shareholders' approval at the Company's annual general meeting to be held on May 9, 2006 ("2006 Annual General Meeting"), gives a general authority to the Directors to repurchase, at any time until the next annual general meeting of the Company or such earlier period as stated in the relevant resolution, the issued and fully paid-up ordinary shares of HK$0.05 each in the capital of the Company ("Shares"), up to a maximum of ten percent of its issued share capital at the date of passing of the relevant resolution.

(A) 建議購回股份授權

建議董事可行使本公司之權力購回之股份數目不得超過購回股份授權決議案通過之日本公司已發行股份百分之十。於二零零六年三月二十一日，即本年報付印之前最後可行日期（「最後可行日期」），本公司已發行股份數目為十四億八千九百七十二萬零五百一十八股。倘若購回股份授權之決議案獲通過，並假定本公司在二零零六年股東週年大會舉行前再無發行或購回股份之情況下，本公司根據購回股份授權可購回最多一億四千八百九十七萬二千零五十一股股份。

(A) Proposed Share Repurchase Mandate

It is proposed that the Directors may exercise the powers of the Company to repurchase up to ten percent of the Shares in issue as at the date of passing of the resolution to approve the granting to the Directors the Share Repurchase Mandate. As at March 21, 2006, being the latest practicable date prior to the printing of this annual report ("Latest Practicable Date"), the number of Shares in issue was 1,489,720,518 Shares. Subject to the passing of the proposed resolution for approving the Share Repurchase Mandate and on the basis that no further Shares are issued or repurchased by the Company prior to the date of the 2006 Annual General Meeting, the Company would be allowed under the Share Repurchase Mandate to repurchase up to a limit of 148,972,051 Shares.

(B) 購回原因

董事深信倘若股東授予董事該一般性授權在市場購回股份，可為本公司及其股東帶來最佳利益。董事根據市場實況及資金安排，並認為該購回股份可增加本公司資產淨值及/或每股盈利以及對本公司及其股東有裨益時，才會進行。

(B) Reasons for Repurchases

The Directors believe that it is in the best interests of the Company and its shareholders for the Directors to have a general authority from shareholders of the Company to repurchase Shares in the market. A repurchase of Shares may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the net asset value of the Company and/or its earnings per share and will only be made when the Directors believe that such repurchase will benefit the Company and its shareholders.

(C) 購回之資金

購回任何股份所需之資金，必須是依據百慕達法例及本公司組織章程大綱及細則所規定可合法使用於該用途之資金。董事建議根據購回股份授權而作出之股份購回將由本公司之內部資源或現有之銀行信貸支付。

對比本公司於其截至二零零五年十二月三十一日止年度之經審核財務報表所披露之狀況而言，購回股份授權倘若全面付諸實行，可能會對本公司之營運資金或負債情況有重大之不利影響。惟董事祇在彼等認為行使該授權並不會導致此等重大不利影響之情形下才會行使是項權力。

(C) Funding of Repurchases

Repurchases must be funded out of funds legally available for such purposes in accordance with the laws of Bermuda and the Memorandum of Association and Bye-Laws of the Company. The Directors propose that repurchases of Shares under the Share Repurchase Mandate would be financed from the Company's internal resources or existing banking facilities.

Whilst the Share Repurchase Mandate, if exercised in full, may have a material adverse impact on the working capital or gearing position of the Company, as compared with the position disclosed in the Company's audited financial statements for the year ended December 31, 2005, the Directors expect to exercise such mandate if and to such extent only as they are satisfied that the exercise thereof will not have such a material adverse impact.

(D) 股價

過去十二個月每月在聯交所錄得每股股份之最高及最低價如下：

(D) Share Prices

The highest and lowest prices per Share at which Shares have traded on the Stock Exchange in each of the previous twelve months were as follows:

		最高 Highest	最低 Lowest
		港元 HK$	*港元 HK$*
二零零五年	**2005**		
三月	March	5.350	4.800
四月	April	6.100	5.150
五月	May	5.500	5.000
六月	June	5.750	5.100
七月	July	5.950	5.050
八月	August	5.950	5.150
九月	September	5.400	4.650
十月	October	5.450	4.350
十一月	November	4.750	4.225
十二月	December	4.725	4.175
二零零六年	**2006**		
一月	January	4.600	4.100
二月	February	4.600	4.100

(E) 一般資料

倘若股東授予董事購回股份授權，現時董事或(在董事作出一切合理查詢後確知)其任何聯繫人士(按上市規則定義)概無意將股份售予本公司。

董事已向聯交所作出承諾，將根據上市規則、百慕達法例及本公司組織章程大綱及細則，按照購回股份授權行使本公司購回股份之權力。

倘若股東授予董事購回股份授權，本公司之有關連人士(按上市規則定義)現時並無向本公司表示有意將股份售予本公司，而所述人士亦無承諾不會將任何該股份售予本公司。

(E) General Information

There are no Directors or (to the best of the knowledge of the Directors, having made all reasonable enquiries) any associates (as defined in the Listing Rules) of the Directors who have a present intention to sell Shares to the Company in the event that the Share Repurchase Mandate is granted by shareholders.

The Directors have undertaken to the Stock Exchange to exercise the powers of the Company to make repurchases pursuant to the Share Repurchase Mandate in accordance with the Listing Rules, the laws of Bermuda and the Memorandum of Association and Bye-Laws of the Company.

No connected person of the Company (as defined in the Listing Rules) has notified the Company of a present intention to sell Shares to the Company and no such persons have undertaken not to sell any such Shares to the Company in the event that the Share Repurchase Mandate is granted by shareholders.

於最後可行日期前六個月內，本公司概無在聯交所或以其他方式購回任何股份。

During the six months prior to the Latest Practicable Date, the Company had not repurchased any of the Shares whether on the Stock Exchange or otherwise.

倘若因本公司根據購回股份授權行使購回股份之權力，而使股東所佔本公司投票權比例增加，則根據香港公司收購及合併守則（「收購守則」）第三十二條，該項增加將被視作一項收購。因此，某股東或一群一致行動之股東可取得或鞏固公司控制權，則須根據收購守則第二十六及第三十二條提出強制收購建議。

If a shareholder's proportionate interest in the voting rights of the Company increases on the Company exercising its powers to repurchase Shares pursuant to the Share Repurchase Mandate, such increase will be treated as an acquisition for the purposes of Rule 32 of the Hong Kong Code of Takeovers and Mergers ("Takeovers Code"). As a result, a shareholder or a group of shareholders acting in concert could obtain or consolidate control of the Company and become obliged to make a mandatory offer in accordance with Rules 26 and 32 of the Takeovers Code.

下列股東於最後可行日期已根據證券及期貨條例（「該條例」）第XV部第二及第三分部向本公司披露，並已根據該條例第三百三十六條列入記錄於本公司存置之登記冊，擁有本公司之股份或相關股份之權益或淡倉，及倘若董事行使全部權力購回股份，則各股東於本公司之股本權益會增加如下：

The interests or short positions of the following shareholders in the shares or underlying shares of the Company which have been disclosed to the Company, at the Latest Practicable Date, pursuant to Divisions 2 and 3 of Part XV of the Securities and Futures Ordinance ("SFO") and have been recorded in the register kept by the Company pursuant to section 336 of the SFO; together with the respective total interests would be increased in the event that the Directors exercise in full the Share Repurchase Mandate:

名稱 Name	**股份數目 No. of shares**	**權益百分率概約 Approximate percentage of interests**	**若行使全部購回股份授權之權益百分率概約 Approximate percentage of interests if the Share Repurchase Mandate is exercised in full**
Aberdeen Asset Management Plc and its associates	225,401,000	15.13%	16.81%
Harris Associates L.P.	209,719,800	14.08%	15.64%
JPMorgan Chase & Co.	178,230,682	11.96%	13.29%
Matthews International Capital Management, LLC	134,937,000	9.06%	10.06%

因此，董事並不知悉，任何因根據購回股份授權購回股份，而就收購守則而言可能出現之情況。

Accordingly, the Directors are not aware of any consequences which may arise under the Takeovers Code as a result of any repurchase made under the Share Repurchase Mandate.

(II) 修訂本公司細則

於二零零五年一月一日，聯交所修訂上市規則，其中包括以企業管治常規守則取代附錄十四之最佳應用守則。此外，於二零零六年三月一日，上市規則亦有若干修訂；當中包括，除法律有所規定外，股東可於股東大會上以普通決議案（而非特別決議案）罷免董事（「新修訂」）。

為使本公司之組織章程與企業管治常規守則之若干條文和上述之新修訂一致，董事建議修訂本公司現行之細則，使(i)每名董事（除主席及董事總經理外，但包括該等按特定年期委任之董事）最少每三年輪值告退一次； (ii)每名由董事會委任的新董事（除主席及董事總經理外）須於其獲委任後本公司舉行之下一次股東大會上（如屬填補臨時空缺）或下一次股東週年大會上（如屬增加董事人數）由股東重選；及(iii)本公司可於股東大會上以普通決議案（而非特別決議案）罷免任期還未屆滿的董事。有關修訂建議已詳載於股東週年大會通告第九項內。

(II) AMENDMENTS TO THE BYE-LAWS OF THE COMPANY

On January 1, 2005, the Listing Rules were amended by the Stock Exchange, among others, by replacing the Code of Best Practice in Appendix 14 by a new Code on Corporate Governance Practices ("CG Code"). In addition, on March 1, 2006, there were certain amendments to the Listing Rules, inter alia, including that, otherwise provided by law, the Directors may be removed by an ordinary resolution instead of a special resolution in general meeting ("New Amendment").

To bring the constitution of the Company in alignment with certain code provisions of the CG Code and the New Amendment, the Directors proposed to amend the Company's Bye-Laws so that (i) every Director, other than the Chairman and the Managing Director but including those appointed for a specific term, shall be subject to retirement by rotation at least once every three years; (ii) any new Directors (other than the Chairman and the Managing Director) appointed by the Board shall be subject to re-election by shareholders at the next following general meeting of the Company (in the case of filling a casual vacancy) or at the next following annual general meeting of the Company (in the case of an addition to their number) after their appointments; and (iii) the Company may by ordinary resolution instead of special resolution at a general meeting remove any Director before his period of office has expired. Details of the proposed amendments are set out under item 9 of the Notice of Annual General Meeting.

根據本公司細則，本公司董事馬灼安先生及李鵬飛博士將於二零零六年股東週年大會上退任，並均願膺選連任。以下乃該等董事之個人資料簡介供股東參考：

In accordance with the Bye-Laws of the Company, Mr. Mah Chuck On, Bernard and Dr. Lee Peng Fei, Allen, Directors of the Company, will retire from office at the 2006 annual general meeting and will offer themselves for re-election. The following are the brief biographical particulars of each of these Directors for the shareholders' information:

馬灼安先生（*執行董事*），現年五十六歲，於一九九六年加入本集團，並於一九九九年六月十四日獲本公司委任現職銜。馬先生亦為本集團中國大陸業務之執行主席、海外業務拓展執行董事及若干附屬公司之董事。彼畢業於加拿大阿伯特大學，取得商業管理學士學位。彼亦為加拿大特許會計師公會會員。於加入本集團前，馬先生擁有豐富工商投資及商業管理經驗，及曾於加拿大政府之會計及核數部門出任高職達十五年。

Mr. MAH Chuck On, Bernard *(Executive Director)*, aged 56, joined the Group in 1996 and was appointed to the current position of the Company on June 14, 1999. Mr. Mah is also the Executive Chairman of the Group's operations in Mainland China, Group Executive Director – Global Business Development and director of certain subsidiaries of the Group. He graduated from the University of Alberta in Canada with a bachelor degree in Business Administration and is a member of the Canadian Institute of Chartered Accountants. Prior to joining the Group, Mr. Mah had gained extensive experience in industrial and commercial investment sectors and had held senior government positions in accounting and auditing in Canada for 15 years.

馬先生於過往三年並無於其他上市公司擔任任何董事職務。彼與本公司之任何董事、高級管理人員或主要股東概無任何關連。馬先生並無根據香港聯合交易所有限公司（「聯交所」）證券上市規則（「上市規則」）第13.51(2)(h)條至第13.51(2)(v)條須予披露的資料，亦無涉及根據該等條文須予披露的事宜，且並無任何本公司股東需要知悉的其他事項。按證券及期貨條例第XV部之涵義，於二零零六年三月二十一日，彼除持有本公司一百六十一萬九千零八十六股股份和擁有購股權可認購本公司五百萬股股份（合計約佔本公司現時已發行股本百分之零點四四）外，並無持有本公司任何其他股份之權益。

Mr. Mah did not hold any directorships in other listed company in the last three years. He does not have any relationship with any directors, senior management or substantial shareholders of the Company. There is no information which is discloseable nor is/was Mr. Mah involved in any of the matters required to be disclosed pursuant to any of the requirements of the provisions under paragraphs 13.51(2)(h) to 13.51(2)(v) of the Rules Governing the Listing of Securities ("Listing Rules") on The Stock Exchange of Hong Kong Limited ("Stock Exchange"), and there is no other matter which needs to be brought to the attention of the shareholders of the Company. As at March 21, 2006, apart from holding 1,619,086 shares and an interest in the options to subscribe for 5,000,000 shares of the Company (in aggregate representing about 0.44% of the existing issued share capital of the Company), Mr. Mah does not have any other interests in the shares of the Company within the meaning of Part XV of the Securities and Futures Ordinance.

本公司與馬先生之間並無任何服務合約，惟彼與一附屬公司訂立了僱用合約，雙方均可給予對方不少於三個月的書面通知終止該合約。彼亦須按本公司之細則輪值告退及膺選連任。彼每年的薪酬和固定花紅合共約為港幣二百六十三萬二千元。彼亦可獲發酌情酬金、享有僱員福利、本集團繳納之公積金供款及提供的住所。

There is no service contract entered into between the Company and Mr. Mah; however, he has an agreement with a subsidiary, which is terminable by either party by giving to the other not less than three months' notice in writing. He is subject to retirement by rotation and re-election in accordance with the Bye-Laws of the Company. His annual salary together with a guaranteed bonus amounts to approximately HK$2,632,000. He is eligible to receive a discretionary bonus and also entitled to other benefits in kind, participation in a provident fund scheme and quarters provided by the Group.

李鵬飛博士，JP*（獨立非執行董事）*，現年六十五歲，於一九九九年九月十日加入本公司；彼亦為本公司審核委員會及補償委員會成員。彼持有香港理工大學工程博士榮譽學位及香港中文大學法學博士榮譽學位。李博士現為下述於聯交所上市的公司之獨立非執行董事：進智公共交通控股有限公司、ITE (Holdings) Limited、彩星集團有限公司、三和集團有限公司、卓越金融有限公司及宏安集團有限公司。彼亦分別於二零零二年三月至二零零五年三月及二零零二年三月至二零零六年二月期間為慧峯集團有限公司的非執行董事及國中控股有限公司的獨立非執行董事，該兩間公司均於香港上市。

Dr. LEE Peng Fei, Allen, JP, *(Independent Non-executive Director)*, aged 65, joined the Company on September 10, 1999. He is also a member of the Audit Committee and the Compensation Committee of the Company. He holds an honorary degree of Doctor of Engineering from The Hong Kong Polytechnic University and an honorary degree of Doctor of Laws from The Chinese University of Hong Kong. Dr. Lee is currently an independent non-executive director of AMS Public Transport Holdings Limited, ITE (Holdings) Limited, Playmates Holdings Limited, Sam Woo Holdings Limited, VXL Capital Limited and Wang On Group Limited, the shares of all of which are listed on the Stock Exchange. He was also a non-executive director of Vertex Communications & Technology Group Limited and an independent non-executive director of Interchina Holdings Company Limited during the period from March 2002 to March 2005 and March 2002 to February 2006 respectively, both of which are listed companies in Hong Kong.

李博士為中華人民共和國第九及第十屆全國人民代表大會香港特別行政區代表。彼積極參與公共事務。

Dr. Lee is a deputy of Hong Kong SAR, the 9th and 10th National People's Congress, PRC. He has taken an active role in public service.

李博士與本公司之任何董事、高級管理人員或主要股東概無任何關連，亦並無於本公司或本集團其他公司擔當任何職位。李博士並無根據上市規則第13.51(2)(h)條至第13.51(2)(v)條須予披露的資料，亦無涉及根據該等條文須予披露的事宜，且並無任何本公司股東需要知悉的其他事項。按證券及期貨條例第XV部之涵義，於二零零六年三月二十一日，彼亦無持有本公司任何股份之權益。

Dr. Lee does not have any relationship with any directors, senior management or substantial shareholders of the Company nor hold any other position with the Company and other members of the Group. There is no information which is discloseable nor is/was Dr. Lee involved in any of the matters required to be disclosed pursuant to any of the requirements of the provisions under paragraphs 13.51(2)(h) to 13.51(2)(v) of the Listing Rules, and there is no other matter which needs to be brought to the attention of the shareholders of the Company. As at March 21, 2006, he does not have any interests in the shares of the Company within the meaning of Part XV of the Securities and Futures Ordinance.

本公司與李博士之間並無任何服務合約。彼出任董事的任期為一年，並須按本公司之細則輪值告退及膺選連任。李博士每年之董事酬金為港幣二十七萬五千元正。

There is no service contract entered into between the Company and Dr. Lee. He is appointed for a specific term of one year and subject to retirement by rotation and re-election pursuant to the Bye-Laws of the Company. He is also entitled to receive an annual director's fee of HK$275,000.

GIORDANO
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